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Financial reports and audited financial statements, and reports of the Board of Auditors

Implementation of the recommendations of the Board of Auditors contained in its reports on the United Nations funds and programmes for the year ended 31 December 2015

Report of the Secretary-General**

Summary

The present report is submitted in accordance with General Assembly resolution 48/216 B, in which the Assembly requested the executive heads of the United Nations funds and programmes to report to the Assembly, at the same time as the recommendations of the Board of Auditors were submitted to the Assembly, on measures taken or to be taken to implement those recommendations.

The Secretary-General has the honour to transmit to the General Assembly part I of the responses of the executive heads of the funds and programmes, namely, the United Nations Development Programme, the United Nations Capital Development Fund, the United Nations Children's Fund, the voluntary funds administered by the Office of the United Nations High Commissioner for Refugees, the United Nations Population Fund, the United Nations Office for Project Services and the United Nations Entity for Gender Equality and the Empowerment of Women.

The present report provides information further to the comments already submitted to the Board of Auditors, which in some cases were included in the Board's final reports to the executive heads of the respective funds and programmes. The executive heads have concurred with all of the Board's recommendations, and many of their comments have been duly reflected in the reports of the Board.

* A/71/150.

** The present report was submitted late owing to the long process of obtaining inputs from the United Nations funds and programmes.

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Therefore, in an effort to reduce redundancy and streamline documentation, the present report provides additional comments of the executive heads only where required, as well as information on the status of implementation, the office responsible, the completion target date and the priority for each recommendation contained in the relevant reports of the Board, as well as an update on the status of implementation of the Board's recommendations relating to prior periods that the Board considered not to have been fully implemented.

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I. Introduction

1. The present report is submitted in accordance with the provisions of paragraph 7 of General Assembly resolution 48/216 B, in which the Assembly requested the executive heads of the United Nations funds and programmes, at the same time as the recommendations of the Board of Auditors were submitted to the Assembly, through the Advisory Committee on Administrative and Budgetary Questions, to provide the Assembly with their responses and to indicate measures that would be taken to implement those recommendations, with appropriate timetables.

2. In preparing the present report, account was taken of the provisions of the following General Assembly documents:

(a) Resolution 52/212 B and the note by the Secretary-General transmitting the proposals of the Board for improving the implementation of its recommendations approved by the Assembly (A/52/753);

(b) Resolution 70/238 A, in which the Assembly, in paragraph 8, reiterated its request to the Secretary-General and the executive heads of the funds and programmes of the United Nations to ensure the full implementation of the recommendations of the Board and the related recommendations of the Advisory Committee in a prompt and timely manner, to continue to hold programme managers accountable for the non-implementation of recommendations and to effectively address the root causes of the problems highlighted by the Board. In paragraph 9, the Assembly reiterated its request to the Secretary-General to provide in his reports on the implementation of the recommendations of the Board a full explanation for the delays in the implementation of the recommendations of the Board, in particular those recommendations not yet fully implemented that were two or more years old; and in paragraph 10, the Assembly also reiterated its request to the Secretary-General to indicate in future reports an expected time frame for the implementation of the recommendations of the Board, as well as the priorities for their implementation and the office holders to be held accountable.

3. In respect of time frames, every effort has been made by the executive heads to establish target dates for the completion of the implementation of the recommendations.

4. With regard to prioritization, it is noted that the Board categorizes the most important recommendations as "main recommendations". While all accepted recommendations of the Board will be implemented in a timely manner, the main recommendations will be considered to be of the highest priority.

II. United Nations Development Programme

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2015[1]

5. Tables 1 and 2 summarize the status of implementation of recommendations as at August 2016.

[1] A/71/5/Add.1, chap. II.

Table 1
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Multi-Partner Trust Fund Office	1	–	–	1	1	–
Office of Financial Resources Management	2	–	–	2	2	–
Regional Bureau for Africa	1	–	–	1	1	–
Multiple offices	8	–	–	8	8	–
Total	**12**	**–**	**–**	**12**	**12**	**–**
Percentage	**100**	**–**	**–**	**100**		

Table 2
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Multi-Partner Trust Fund Office	1	–	–	1	1	–
Office of Financial Resources Management	3	–	–	3	3	–
Office of Information Management and Technology	4	–	–	4	4	–
Regional Bureau for Africa	5	–	–	5	5	–
Regional Bureau for Asia and the Pacific	1	–	–	1	1	–
Multiple offices	19	–	–	19	19	–
Total	**33**	**–**	**–**	**33**	**33**	**–**
Percentage	**100**	**–**	**–**	**100**		

6. In paragraph 20, the United Nations Development Programme (UNDP) agreed with the Board's recommendation that it: (a) ensure that operating units regularly review contribution contract agreements with pending milestones and proactively follow up with donors on milestones with expired due dates; and (b) ensure that at year-end, every operating unit reviews the reports for contracts with pending milestones and, where issues are identified, communicate to the Global Shared Service Centre through the Document Management System and update the status accordingly.

Departments responsible: Regional bureaux, Office of Financial Resources Management and Global Shared Services Unit

Status: In progress

Priority: Medium

Target date: First quarter of 2017

7. UNDP will: (a) ensure that the procedures in place for the review and monitoring of pending milestones are complied with and timely action is taken; and (b) request offices to promptly follow up on outstanding balances with donors and notify the Global Shared Services Unit of any changes to the schedule of payments that are required under existing procedures.

8. In paragraph 24, UNDP agreed with the Board's recommendation that it: (a) review the list of contributions receivable on a quarterly basis, so as to identify their recoverability status, and the level of assurance that controls are in place as required by the internal control framework; (b) keep documentary evidence at the country level of follow-up with donors to request payments for long outstanding contributions, prior to their recognition in Atlas at year-end; and (c) make allowance for long-standing doubtful debts, based on objective evidence as to their recoverability.

9. With regard to parts (a) and (b) of the recommendation, UNDP will review the list of contributions receivable on a quarterly basis and request offices to promptly follow up on outstanding balances with donors and notify the Global Shared Service Centre of any changes to the schedule of payments. Documentary evidence of such follow-up will be maintained and used for the assessment of long outstanding receivables. With regard to part (c), impairment provisions will be established for specific contributions with respect to which the donor's ability to pay is in doubt and there is a risk of financial loss to UNDP.

Departments responsible: Regional bureaux, Office of Financial Resources Management and Global Shared Services Unit

Status: In progress

Priority: Medium

Target date: First quarter of 2017

10. In paragraph 29, UNDP agreed with the Board's recommendation that it ensure that: (a) purchase orders are reviewed on a timely basis and cancelled or updated as necessary, (b) purchase orders are raised before receipt of the goods and services, in accordance with the internal control framework; and (c) post facto purchase orders are tracked to ensure that they are justified.

Departments responsible: Office of Financial Resources Management and regional bureaux

Status: In progress

Priority: Medium

Target date: First quarter of 2017

11. With regard to part (a) of the recommendation, UNDP will continue to follow up with the respective offices to ensure that either purchase orders are cancelled or their expiry dates are revised if they are still valid. With regard to parts (b) and (c), UNDP will continue to monitor purchase orders raised after the receipt of goods and services, as is the case in emergency/disaster situations, to ensure that the orders are justified.

12. **In paragraph 31, UNDP agreed with the Board's recommendation that it follow up with the respective offices to ensure full compliance with the standard operating procedures by: (a) uploading links to all supporting documents to the Document Management System in a timely manner, after being satisfied with the receipt of goods or services; and (b) regularly reviewing the International Public Sector Accounting Standards (IPSAS) dashboard on the Document Management System link in Atlas and highlighting exceptions to the project managers or management requiring corrective action.**

Departments responsible:	Office of Financial Resources Management and regional bureaux
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

13. UNDP will: (a) continue to follow up with the respective offices to ensure compliance with procedures for validating the receipt of goods and services through Document Management System links; and (b) continue to highlight non-compliance with the respective offices with a view to corrective action.

14. **In paragraph 35, UNDP agreed with the Board's recommendation that it ensure that operating units: (a) prepare accounts payable vouchers before the deadline, as stipulated in the year-end closure instructions, so as to liquidate corresponding aged prepayments; and (b) regularly monitor and perform prepayment spot checks so as to verify and clear aged prepayments in a timely manner.**

Departments responsible:	Office of Financial Resources Management and regional bureaux
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

15. UNDP will regularly monitor prepayments to ensure timely liquidation supported by the required documentation and to ensure that operating units prepare accounts payable vouchers in line with year-end closing instructions.

16. **In paragraph 41, UNDP agreed with the Board's recommendation that: (a) in future, UNDP plan ahead regarding the changes needed in project settings, such as the rates of the general management support fee, to minimize delays in signing quarterly combined delivery reports; (b) it submit the**

combined delivery reports in a timely manner, duly signed by UNDP and implementing partners, in compliance with the Programme and Operations Policies and Procedures; and (c) it liaise with implementing partners on their accountability regarding the timely signing of combined delivery reports when delays are encountered.

Departments responsible:	Office of Financial Resources Management and Executive Office
Status:	In progress
Priority:	High
Target date:	Second quarter of 2017

17. Regarding part (a) of the recommendation on future changes in the rates of the general management support fee, UNDP will continue to do its best to accelerate the changes to the system while ensuring quality resolution. Regarding parts (b) and (c), a reminder will be sent out to country offices to ensure compliance with the requirements of the Programme and Operations Policies and Procedures on the signing by implementing partners of combined delivery reports.

18. **In paragraph 46, UNDP agreed with the Board's recommendation that it institute measures such as the hiring of Monitoring and Evaluation Compliance Officers or designate a responsible programme staff member to ensure the timely review and updating of the projects' risk, issue and monitoring logs and document the same in Atlas as the primary source of project information.**

Departments responsible:	Bureau for Policy and Programme Support and regional bureaux
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

19. The new UNDP monitoring policy provides offices with clear guidance on the updating of monitoring data in the agreed corporate platform for capturing such data. The policy became effective on 1 March 2016 and contains provisions on various options for providing monitoring and evaluation functions to country offices. A global message was sent out to country offices on the need to comply with the policy, and compliance will be monitored.

20. **In paragraph 50, UNDP agreed with the Board's recommendation that the UNDP Nepal and Sri Lanka country offices: (a) ensure that quarterly progress reports are prepared and harmonized and that they capture all key items related to projects; (b) ensure that timely meetings of project boards are conducted, as required by the Programme and Operations Policies and Procedures; (c) develop an action plan so that midterm reviews and annual reviews of projects scheduled for 2015 are performed without further delay; and (d) institute control measures to ensure that monitoring for future project reviews takes place on time.**

Department responsible:	Regional Bureau for Asia and the Pacific
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

21. Given the fact that in the UNDP Nepal country office the midterm review was delayed owing to an earthquake, the UNDP Nepal and Sri Lanka country offices will institute monitoring mechanisms to ensure that project reviews and progress monitoring are carried out in line with the Programme and Operations Policies and Procedures. The new corporate monitoring policy approved in March 2016 will help those offices to coordinate and guide their monitoring actions.

22. **In paragraph 52, UNDP agreed with the Board's recommendation that the Liberia and Uganda country offices: (a) ensure that project completion checklists are completed and final combined delivery reports for financially closed projects are certified by responsible parties; and (b) make efforts to refund amounts due to donors in line with the Programme and Operations Policies and Procedures and donor agreements.**

Department responsible:	Regional Bureau for Africa
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

23. The Liberia country office has implemented the recommendation. The Uganda country office will continue to follow the established monitoring mechanisms and tracking tools to ensure that: (a) checklists are completed and final combined delivery reports are agreed to by partners; and (b) on the basis of ongoing discussions with donors and in line with standard donor agreement stipulations, outstanding balances are remitted to donors or reprogrammed, as the case might be.

24. **In paragraph 56, UNDP agreed with the Board's recommendation that it: (a) obtain donors' approvals regarding refunds or reprogramming of unspent amounts, in a timely manner, to minimize delays in closing projects; and (b) ensure that all projects in operational closure status are financially closed within 12 months.**

Departments responsible:	Office of Financial Resources Management and regional bureaux
Status:	In progress
Priority:	High
Target date:	Second quarter of 2017

25. UNDP agrees with the Board's recommendation that it: (a) obtain donor approvals in line with standard donor agreement stipulations on refunds and the

reprogramming of unspent balances; and (b) monitor the timely financial closure of projects in line with the Programme and Operations Policies and Procedures.

26. **In paragraph 61, UNDP agreed with the Board's recommendation that it ensure that country offices: (a) set realistic and attainable project activities and budgets at key planning stages, in line with the Programme and Operations Policies and Procedures, so as to expedite project budget implementation; and (b) monitor the progress of project implementation in a timely manner and implement corporate action plans to minimize project delays.**

Departments responsible:	Bureau for Policy and Programme Support and regional bureaux
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

27. With regard to part (a) of the recommendation, in line with the Programme and Operations Policies and Procedures, which require that annual reviews be conducted in the fourth quarter by the project boards to assess performance and appraise the annual workplans for the following year, UNDP country offices will be requested to ensure compliance with that requirement. With regard to part (b), UNDP will continue to review the delivery of projects against their budgets at the corporate level and monitor the implementation of corporate action plans for accelerated delivery.

28. **In paragraph 66, UNDP agreed with the Board's recommendation that it consider improving its accelerated and unprogrammed resource reports through additional guidance in year-end closure instructions, in order for the reports to have similar understanding and meaning by management and other stakeholders.**

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

29. UNDP is preparing improved guidance aimed at ensuring that users correctly understand the reports as part of the year-end instructions in order to prevent misinterpretation of the tables contained in the reports.

30. **In paragraph 72, UNDP agreed with the Board's recommendations that it: (a) enhance and document the follow-up mechanisms, including feedback from all delayed participating organizations for future improvements; (b) introduce measures to accelerate the operational and financial closure of all overdue projects; and (c) as the largest United Nations fund administration service provider, propose the idea of common policies and procedures around inter-agency pooled funding mechanisms to harmonize practices so as to enhance accuracy in reporting and timing of issuing reports.**

Department responsible:	Multi-Partner Trust Fund Office
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

31. With regard to parts (a) and (b) of the recommendation, UNDP will enhance monitoring and feedback mechanisms where there are delays in reporting on the part of participating organizations, and also enhance existing measures to accelerate the closure of overdue projects. With regard to part (c), the Multi-Partner Trust Fund Office will propose the idea of common policies and procedures relating to inter-agency pooled funding.

32. **In paragraph 81, UNDP agreed with the Board's recommendation that the resident coordinators ensure that the Sri Lanka and Liberia country offices: (a) communicate the summary of the macroassessment of 2015 when conducting the annual United Nations Development Assistance Framework review; and (b) perform future macroassessments at least once during the programming cycle, in line with the harmonized approach to cash transfers framework.**

Departments responsible:	Regional Bureau for Africa and Regional Bureau for Asia and the Pacific
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

33. With regard to the Sri Lanka and Liberia country offices, the resident coordinators will: (a) incorporate macroassessments into their United Nations Development Assistance Framework reviews as recommended by the Programme and Operations Policies and Procedures; and (b) manage collaboration with all stakeholders to ensure that future macroassessments are conducted at least once during the programming cycle.

34. **In paragraph 82, UNDP also agreed with the Board's recommendation that the resident coordinators ensure that: (a) the Uganda country office liaise with other United Nations entities and initiate the process of conducting macroassessments at least once during the country office programme cycle; and (b) the Uganda and Sierra Leone country offices incorporate the macroassessment, where available, in the United Nations Assistance Framework reviews.**

Department responsible:	Regional Bureau for Africa
Status:	In progress
Priority:	High
Target date:	Second quarter of 2017

35. The Uganda country office is in the process of finalizing its programme design for the period 2016-2020, and efforts will be undertaken by the Resident Coordinator to conduct the macroassessment for the new country programme. The Sierra Leone country office carried out the macroassessment in November 2015 and is awaiting the final report. The resident coordinators will incorporate macroassessments, when available, into the future United Nations Development Assistance Framework reviews as recommended in the Programme and Operations Policies and Procedures.

36. **In paragraph 91, UNDP agreed with the Board's recommendation that it: (a) strengthen controls in reviewing the harmonized approach to cash transfers microassessment plan for completeness and accuracy; (b) prioritize the microassessment activities relating to implementing partners, based on an assessment plan; and (c) monitor implementation and conduct an annual update of the assessment plan.**

Departments responsible:	Office of Financial Resources Management and regional bureaux
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

37. With regard to part (a) of the recommendation, reviews of microassessment plans for accuracy and completeness will be carried out on a sample basis and the harmonized approach to cash transfers training will be rolled out in the second half of 2016. With regard to parts (b) and (c), prioritization and monitoring by the regional bureaux of the preparation of the assessment plan are ongoing.

38. **In paragraph 98, UNDP agreed with the Board's recommendation that it ensure that country offices: (a) prepare the complete set of harmonized approach to cash transfers assurance activities plan in line with the harmonized approach to cash transfers template and include all the required information; (b) conduct all assurance activities as planned; and (c) monitor and improve annual assurance plans from the lessons learned from the harmonized approach to cash transfers transitional assurance activities plans of 30 April 2015.**

Departments responsible:	Office of Financial Resources Management and regional bureaux
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

39. UNDP will monitor the accurate preparation and implementation by offices of the harmonized approach to cash transfers assurance activities plans, taking on board lessons learned from the 2015 transitional assurance activities plans.

40. In paragraph 102, UNDP agreed with the Board's recommendation that the resident coordinators of the country offices for Uganda and Liberia ensure that the offices continue to liaise with the harmonized approach to cash transfers inter-agency coordinators for the preparation and endorsement of the joint harmonized approach to cash transfers assurance activities plan, without further delay.

Department responsible:	Regional Bureau for Africa
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

41. The resident coordinators of the country offices for Uganda and Liberia will monitor the preparation and endorsement of the joint harmonized approach to cash transfers assurance activities.

42. In paragraph 108, UNDP agreed with the Board recommendation that it: (a) speed up the process of engaging a third-party service provider for microassessments and ensure that the assessments are done without further delay; (b) institute controls mechanisms so that future microassessments are done on time, before funds are provided to implementing partners; and (c) continue consultations with implementing partners to conduct the microassessments before starting future programmes, since the national implementation modality audits do not replace the microassessments.

Departments responsible:	Office of Financial Resources Management and regional bureaux
Status:	In progress
Priority:	High
Target date:	Second quarter of 2017

43. With regard to part (a) of the recommendation, the engagement of a third-party provider at the corporate level is in the final stages. With regard to parts (b) and (c), UNDP will adopt alternative cash transfer modalities and increase the regularity of spot checks for implementing partners that have not been assessed, in accordance with the Programme and Operations Policies and Procedures.

44. In paragraph 112, UNDP agreed with the Board's recommendation that the Uganda country office prepare and include in its resource mobilization strategy the mapping of partners and resource mobilization opportunities.

Department responsible:	Regional Bureau for Africa
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

45. The Uganda country office has commenced the preparation of donor profiles, which will be included in its resource mobilization strategy.

46. **In paragraph 117, UNDP agreed with the Board's recommendation that the Uganda country office: (a) improve its resource implementation plan by including the resource targets over each year of a plan, indicating clearly the time frame for meeting outputs and actions; (b) establish a clear process and monitoring tool to track resource mobilization by improving donor reporting through robust reporting; and (c) review and enhance its donor reporting system for quality and timely resource tracking and ensure the monitoring of resource mobilization.**

Department responsible:	Regional Bureau for Africa
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

47. The Uganda country office will: (a) finalize the resource mobilization strategy and implementation framework, including resource targets over each year, with time frames for meeting outputs and actions; (b) put in place a clear business process and monitoring tool for tracking resource mobilization by improving donor reporting through robust reporting and the donor database; and (c) put in place a donor reporting system for timely resource tracking and accountability.

48. **In paragraph 123, UNDP agreed with the Board's recommendation that it enforce compliance at the country offices with Performance Management and Development timelines for completion, review, documentation and approval of midyear and final reviews by managers.**

Departments responsible:	Office of Human Resources, central bureaux and regional bureaux
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

49. In accordance with the principles of its accountability framework, UNDP will continue its efforts, under existing oversight mechanisms, to ensure the timely completion of performance management development documents at the corporate, bureau and country office levels.

50. **In paragraph 128, UNDP agreed with the Board's recommendation that it institute control mechanisms so that evaluation is done in a timely manner, so that in future, service contract evaluations are completed two months prior to contract expiration, in accordance with the guidance to allow for valuable decision-making, in a timely manner, during the renewal of contracts.**

Departments responsible:	Office of Human Resources and regional bureaux
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

51. UNDP will send out a message to all offices reminding them to comply with the requirement to complete evaluations on a timely basis. The service contract guidance will also be updated to provide better clarity.

52. **In paragraph 133, UNDP agreed with the Board's recommendation that it: (a) perform regular vendor data checks to maintain accurate and up-to-date data, including removing duplicate active vendors; (b) ensure regular review and correction of vendors' bank information to prevent duplicates; and (c) review transactions processed in bank accounts shared by multiple vendors to correct inappropriate transactions.**

Departments responsible:	Procurement Services Unit and regional bureaux
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

53. Special queries exist in Atlas (the enterprise resource planning system of UNDP) to assist country offices in monitoring and correcting vendor data, including tools for the inactivation of vendors with no activities recorded for 90 days or more. With regard to part (a) of the recommendation, UNDP will instruct the country offices to use the necessary reports and tools available in Atlas to review vendor data on a regular basis. With regard to parts (b) and (c), UNDP will make the necessary corrections and exercise due diligence to ensure that the integrity of data regarding vendors against which transactions are carried out is maintained, as well as review and correct any inappropriate transactions.

54. **In paragraph 138, UNDP agreed with the Board's recommendation that it: (a) provide regular updates on the non-Atlas procurement indicators for more accuracy, completeness and reliability of information; (b) ensure that requesters at country offices input reasonable delivery due dates in the e-requisition, in such a way as to reduce the workload of data clean-up of delivery dates for purchase orders indicated in red in the IPSAS dashboard; and (c) enhance follow-up with vendors such that goods or services are delivered within the scheduled period.**

Departments responsible:	Procurement Services Unit and regional bureaux
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

55. UNDP will: (a) explore the feasibility of integrating the online data of the Advisory Committee on Procurement with the procurement dashboard and manually update the buyer certification data on a quarterly basis; (b) send a reminder to country offices regarding the need for requesters to input reasonable delivery due dates; and (c) continue to request offices to maintain liaison with vendors in order to address delays and comply with contractual terms.

56. In paragraph 147, UNDP agreed with the Board's recommendation that it: (a) liaise with the consultant and sign an addendum to the initial statement of work to include actual tasks performed in line with the long-term agreement and approved statement of work; (b) periodically review financial reports from the Hyperion financial management tool and correct the differences in a timely manner, which will ensure the accuracy of financial statements at year-end; (c) institute compensating controls to check the ageing and balances generated by the tool, which need to be corrected before preparing the financial statements; and (d) ensure that the evaluation checklist for vendor performance is completed on time for other future contracts.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

57. UNDP agrees to: (a) sign an addendum to the initial statement of work to highlight actual tasks performed and accepted by UNDP; (b) continue checking the Hyperion financial management data against Atlas data on a regular basis for added comfort and resolve any differences promptly should they arise; (c) institute compensating controls to check the ageing of balances; and (d) carry out vendor evaluation on time for future contracts.

58. In paragraph 157, UNDP agreed with the Board's recommendation that it: (a) clearly document procedures for managing changes to account mapping and metadata, to ensure that all changes are recorded and authorized; (b) enable the data audit to track and manage changes to account mapping and metadata for auditing and accountability purposes; (c) strengthen controls to ensure frequent review of the activities of administrators in the system; (d) clearly document procedures for granting and authorizing access to the system based on a role matrix and ensure that periodic review of the access list to both the application and the back-end database is conducted; and (e) strengthen controls to ensure a strong password policy for default database system accounts.

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

59. UNDP agrees to implement Hyperion information technology controls by: (a) documenting procedures for managing changes to account mapping and metadata; (b) enabling the data audit to track and manage such changes; (c) regularly reviewing activities of administrators in the system; (d) documenting procedures for granting and authorizing access, and regularly reviewing the access list; and (e) strengthening controls to ensure a strong password policy for default database system accounts.

60. **In paragraph 162, UNDP agreed with the Board's recommendation that it: (a) consider making the training on information security awareness mandatory for staff; and (b) establish enforcement mechanisms, such as including the completion of information security awareness training in performance reviews of staff members.**

Department responsible:	Office of Information Management and Technology
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

61. With regard to part (a) of the recommendation, UNDP has already taken steps to make its information security training mandatory by having it translated into English, French and Spanish. An organization-wide announcement will soon be sent out indicating that the training is mandatory for all UNDP staff. With regard to part (b), once the course has become mandatory, the enforcement mechanism to ensure that staff complete it will be the same as that for all other mandatory UNDP courses. In addition, the cybersecurity team will have access to the completion reports through the existing reporting provided by the Office of Human Resources and will track this metric as part of its quarterly information security management meetings.

62. **In paragraph 166, UNDP agreed with the Board's recommendation that it: (a) strengthen controls when granting access to the Atlas database to ensure that the segregation of duties is adhered to such that the programmer and security administrator have only the minimum necessary access to the Atlas database, which is reviewed regularly; (b) review access rights of the Atlas database and remove active accounts without roles; (c) conduct quarterly reviews of access rights, make corrections and submit the report to the quarterly management meetings of the Information Security Section; and (d) introduce guidance requiring the use of a separate environment as a replica of production for programmers and security administrators when they need to troubleshoot, instead of accessing the production database.**

Department responsible:	Office of Information Management and Technology
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

63. UNDP agrees to enhance access controls to the Atlas database by: (a) ensuring the appropriate segregation of duties; (b) monitoring the timely removal of active accounts without roles; (c) reviewing access rights on a quarterly basis; and (d) having a separate environment for use by programmers and security administrators for troubleshooting.

64. **In paragraph 169, UNDP agreed with the Board's recommendation that it: (a) strengthen controls over information security risk management by conducting continuous monitoring of high risks in addition to the annual risk assessment and quarterly reviews; and (b) consider reviewing the current workload, roles and responsibilities of staff assigned to information security to facilitate the continuous monitoring of information security risk management.**

Department responsible:	Office of Information Management and Technology
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

65. UNDP agrees to: (a) regularly monitor high security risks; and (b) review the current workload, roles and responsibilities of staff assigned to information security.

66. **In paragraph 173, UNDP agreed with the Board's recommendation that it: (a) implement a backup plan for Internet access for its three offices using the service of the data centre; (b) clear unused items from the data centre, label and keep cables in order; (c) use a dry pipe fire suppression system in the data centre; and (d) review physical access rights to the data centre every quarter and report thereon to the Information Security Section management meetings.**

Department responsible:	Office of Information Management and Technology
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

67. UNDP agrees to: (a) implement a backup plan for Internet access for its three office locations; (b) organize the data centre; (c) use a dry pipe fire suppression system in the data centre if the relocation of all servers does not take place; and (d) coordinate with the unit that manages the closed-circuit television system to explore the possibility of regularly reviewing the security videos recorded.

68. **In paragraph 177, UNDP agreed with the Board's recommendation that it: (a) analyse all assets disposed of in error and consider the impact on the financial statements of the year prior; (b) ensure that operating units regularly perform reviews to identify errors and send requests to the Global Shared Service Centre in a timely manner for reversing the capitalization made in Atlas; (c) ensure that approving managers verify that all items are appropriately selected in the procurement catalogue; and (d) consider improving assets data in Atlas such that actual assets retired in error could be**

easily differentiated from assets under construction converted into leasehold improvements.

Departments responsible:	Office of Sourcing and Operations and Global Shared Services Unit
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

69. UNDP agrees to: (a) continue to annually review the impact of the disposal of material in error that has an impact on the previous year's financial statements; (b) remind operating units to perform regular reviews of the in-service report in order to identify errors, and send requests to the Global Shared Services Unit for corrections; (c) remind approving managers to verify the accuracy of the items selected from the catalogue; and (d) consider improvements in data from Atlas in order to differentiate assets retired in error.

70. **In paragraph 181, UNDP agreed with the Board's recommendation that it: (a) reclassify intangible assets in use (resource planning and human performance) and correct the financial statements by calculating the amortization of intangible assets in use in 2015; and (b) approve and formalize the percentage computation basis of development phases of intangible assets under construction.**

Departments responsible:	Office of Sourcing and Operations and Global Shared Services Unit
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

71. UNDP agrees to: (a) reclassify the intangible assets and correct the financial statements accordingly; and (b) approve and formalize the computation basis for the development phases of intangible assets under construction.

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

72. In annex I to its report for the year ended 31 December 2015 (A/71/5/Add.1, chap. II), the Board provided a summary of the status of implementation of recommendations from previous financial periods. The overall situation as of August 2016 regarding the seven recommendations considered to be "under implementation" by the Board is summarized in table 3.

Table 3
Status of implementation of recommendations from prior periods considered not fully implemented in annex I to the report of the Board of Auditors for the year ended 31 December 2015

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Executive Office	1	–	1	–	–	–
Office of Financial Resources Management	1	–	–	1	1	–
Office of Human Resources	1	–	–	1	1	–
Regional Bureau for Latin America and the Caribbean	1	–	1	–	–	–
Multiple offices	3	–	–	3	3	–
Total	7	–	2	5	5	–

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73. In paragraph 30, UNDP agreed with the Board's recommendation that: (a) the Papua New Guinea country office, in collaboration with the United Nations country team, provide the missing information on national indicators, source of data, baselines and assumptions; and (b) an annual review of the United Nations Development Assistance Framework for Brazil be carried out in 2015 and the country office pursue timely signing of the country programme action plan by the Government.

Departments responsible: Regional Bureau for Asia and the Pacific and Regional Bureau for Latin America and the Caribbean

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2016

74. The United Nations Development Assistance Framework review for Papua New Guinea was completed in August 2014. However, the data on national indicators were still not available. The development of the new Framework is expected to be completed by the fourth quarter of 2016. The lack of national statistics will continue to be a challenge and is beyond the control of UNDP, as it is related to the absence of the required national structures.

75. The United Nations Development Assistance Framework programme cycle for Brazil was extended until the end of 2016. The decision to extend the current cycle for Brazil, initially from 2012 until 2015 and now from 2012 until 2016, was closely

[2] A/70/5/Add.1, chap. II.

coordinated with the national Government and the United Nations Development Group in the region of Latin America and the Caribbean. The terms of reference for the evaluation of the Framework have been developed, and the country programme action plan has been signed.

76. In paragraph 47, UNDP agreed with the Board's recommendation that country offices prepare resource mobilization implementation plans in compliance with the guidelines established in the resource mobilization toolkit.

Departments responsible:	Regional bureaux and Bureau of External Relations and Advocacy
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

77. Regional bureaux will work with country offices to ensure that they comply with the guidelines of the resource mobilization toolkit and prepare resource mobilization implementation plans.

78. In paragraph 78, UNDP agreed with the Board's recommendation that it: (a) adhere to the service contract user guide on the proper use of service contracts by ensuring that holders of service contracts are recruited only for those functions and duties as stipulated in the user guide; and (b) amend the terms of service contracts to define clearly the support functions and duties of those contracts.

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

79. With regard to part (a) of the recommendation, UNDP has sent out e-mails to its country offices requiring them to monitor compliance with the service contract guideline requirements. With regard to part (b), messages have been sent out by the Director of the Office of Human Resources on compliance with internal control framework requirements, frequently asked questions on the renewal and termination of service contracts, and automation with respect to amending service contracts in Atlas. Concurrently, the service contract guidelines have been updated to provide better clarity. The updating of generic terms of reference was not possible owing to funding constraints, and the enhanced monitoring and visibility of service contracts in Atlas have been used as alternative control measures to ensure that country offices use service contracts in line with the guidelines.

80. In paragraph 105, the Board recommended that UNDP: (a) investigate the errors in the process of the reinstatement of purchase order balances; (b) institute quality assurance mechanisms for external access to the Atlas system when reinstating purchase orders; (c) ensure that a mandatory reference field is completed for reinstated purchase orders carried over from

prior-period balances; and (d) ensure compliance with requirements under the Programme and Operations Policies and Procedures on raising separate purchase orders for goods and services expected to be received in the respective financial periods.

Departments responsible:	Regional bureaux and Procurement Support Office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

81. With regard to part (a) of the recommendation, UNDP is aware only of errors identified in the Brazil country office, and they have been investigated. With regard to part (b), UNDP will support country offices in ensuring that quality assurance mechanisms are in place to mitigate the risk of errors during the process of reinstating purchase orders with balances with respect to external access partners. With regard to part (c), UNDP will explore the feasibility of making the purchase order reference field mandatory. With regard to part (d), UNDP will remind offices to follow the requirements set out in the Programme and Operations Policies and Procedures.

82. **In paragraph 108, UNDP agreed with the Board's recommendation that it: (a) liaise with United Nations entities and conclude terms of reference for the Office of the Ombudsman and Mediation Services and reach final agreement; and (b) work with United Nations entities and agree on milestones for clearing long outstanding unresolved balances.**

Department responsible:	Office of Financial Resources Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

83. UNDP reconciled all balances with other United Nations entities for the year ended 31 December 2015. There was one item concerning the United Nations Secretariat involving a rejected medical case, which UNDP intends to bring to a conclusion in the second half of 2016.

84. **In paragraph 129, UNDP agreed with the Board's recommendation that it: (a) monitor and address staff complaints, claims or concerns over structural change from all channels, including those from the Staff Council, and facilitate their timely clearance to avoid reputational damage to UNDP; (b) strengthen opportunities for open and constructive dialogue and communication with staff and the Staff Council during the ongoing structural changes; and (c) establish plans for team-building and staff motivation for confidence-rebuilding and embed a culture that motivates and sustains the structural change.**

Department responsible:	Executive Office
Status:	Closure requested
Priority:	High
Target date:	Not applicable

85. Throughout 2014, UNDP continued to monitor and address staff issues relating to the implementation of structural change. One important forum for discussions with the Staff Council was the establishment of the Staff Council Liaison Committee, which included key members of the Staff Council and UNDP management. Given the complex nature of the structural changes, the Committee included the Director of the Bureau for Management Services, the Director of the Office of Human Resources, the UNDP Chief of Staff and the Special Adviser to the UNDP Administrator. Regular meetings of the Committee were held from December 2013 until the completion of the structural change processes in September 2015.

86. The change in culture envisaged as part of the structural changes has been continuously discussed, in parallel with the annual Global Staff Survey exercise of UNDP, the results of which were available in early 2015. In December 2014, the Organizational Performance Group specifically discussed cultural change and the role of senior managers, and in February 2015 another discussion was held with deputy directors of the bureaux. Specific components of the discussion included the themes of empowerment, collaboration and innovation. In parallel, the results of the Global Staff Survey were analysed, and results have been provided to each the leadership of each bureau, including country offices in each region.

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87. In paragraph 91, UNDP agreed with the recommendation of the Board that it: (a) assess risks surrounding executing the national implementation modality to find out why assurance procedures other than an audit could not detect the suspected irregular procurement procedures and improve controls; and (b) continue engaging with the partner Government to ascertain more facts about the matter in order to establish the actual loss the projects suffered and possibilities of recovery from the individuals involved.

Department responsible:	Regional Bureau for Latin America and the Caribbean
Status:	Closure requested
Priority:	High
Target date:	Not applicable

88. UNDP has ascertained that there was no loss to it or to the donor, and has received a letter from the Government confirming that should there be a determination that there was a loss, the Government would absorb it. The case is part of a sovereign nation's judicial process over which UNDP has no control. In

[3] A/69/5/Add.1, chap. II.

line with agreed practice, UNDP will continue to enquire regularly through official channels about the status of the judicial process and will update the Board as soon as any new developments are known. From the perspective of UNDP, the recommendation has been implemented, and the Board is requested to close it.

III. United Nations Capital Development Fund

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2015[4]

89. Tables 4 and 5 summarize the status of implementation of recommendations as at August 2016.

Table 4
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Financial Inclusion Practice Area	3	–	–	3	3	–
Total	**3**	–	–	**3**	**3**	–
Percentage	**100**	–	–	**100**		

Table 5
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Financial Inclusion Practice Area	4	–	–	4	4	–
Local Development Practice Area	1	–	–	1	1	–
Financial Inclusion Practice Area and Local Development Practice Area	1	–	–	1	1	–
Financial Inclusion Practice Area and Programme Management Support Unit	1	–	–	1	1	–
Total	**7**	–	–	**7**	**7**	–
Percentage	**100**	–	–	**100**		

90. In paragraph 18, the United Nations Capital Development Fund (UNCDF) agreed with the Board's recommendation that it: (a) conduct an assessment of all implementing partners before they commence the project implementation phase; and (b) ensure that a capacity assessment is undertaken whenever there is a change in implementation modality.

[4] A/71/5/Add.2, chap. II.

Department responsible:	Financial Inclusion Practice Area
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

91. UNCDF will ensure that capacity assessments of new implementing partners are conducted in line with the Programme and Operations Policies and Procedures.

92. In paragraph 23, UNCDF agreed with the Board's recommendation that it: (a) speed up the transfer of project assets and certify final combined delivery reports; and (b) complete refunds to donors in a timely manner so that projects are financially closed within 12 months after being operationally closed.

Department responsible:	Financial Inclusion Practice Area
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

93. UNCDF will expedite the transfer of project assets and finalize all the activities required to close the projects in line with the Programme and Operations Policies and Procedures.

94. In paragraph 29, UNCDF agreed with the Board's recommendation that it expedite combined delivery report certification to ensure that quarterly combined delivery reports are prepared on time and certified by implementing partners and UNCDF in compliance with the Programme and Operations Policies and Procedures.

Department responsible:	Local Development Practice Area
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

95. UNCDF will follow up with implementing partners to ensure that all combined delivery reports are signed in a timely manner in compliance with the Programme and Operations Policies and Procedures.

96. In paragraph 34, UNCDF agreed with the Board's recommendation that it: (a) ensure the timely revision of outcomes in the project document and the annual workplan, and their correlation with the outcomes in the United Nations Development Assistance Framework; and (b) enforce the quality assurance mechanism by reviewing information in the United Nations Development Assistance Framework, the project document and the annual workplan to ensure consistency.

Departments responsible:	Financial Inclusion Practice Area and Local Development Practice Area
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

97. UNCDF will enforce its quality assurance functions to ensure regular reviews of programme and project documents in terms of relevance to and alignment with its strategic framework for 2014-2017 and the United Nations Development Assistance Framework, in the case of country-specific programmes.

98. **In paragraph 38, UNCDF agreed with the Board's recommendation that it: (a) comply with the Programme and Operations Policies and Procedures in conducting final project reviews and drawing upon lessons learned in a timely manner in future; and (b) incorporate lessons learned into future programme documents.**

Departments responsible:	Financial Inclusion Practice Area and Local Development Practice Area
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

99. UNCDF will ensure that: (a) final project reviews are conducted and lessons learned drawn upon in a timely basis in line with the Programme and Operations Policies and Procedures; and (b) lessons learned are incorporated into future programme documents.

100. **In paragraph 43, the Board recommended that UNCDF: (a) specify and document all loan management system requirements based on the loan policy; (b) revisit and update details in the project plan based on specified requirements, including timelines; and (c) monitor the implementation of project activities to avoid further delays.**

Department responsible:	Financial Inclusion Practice Area
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

101. UNCDF will ensure that: (a) all loan management system requirements based on the loan policy are documented; (b) the project plan is updated on the basis of specified requirements, including timelines; and (c) the implementation of project activities is closely monitored.

102. **In paragraph 49, UNCDF agreed with the Board's recommendation that it: (a) conduct due diligence on long outstanding loans and maintain proper**

evidence to support action taken on the loans, including the write-off of the loans whose recoverability is uncertain; and (b) ensure that the impairment allowance for the loans is reviewed every year to ascertain its relevance, supported by proper evidence of the approach used.

Department responsible:	Financial Inclusion Practice Area
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

103. UNCDF will: (a) carry out and document a review of loan recoverability and provide for impairment where necessary; and (b) carry out due diligence and a write-off process should there be adequate evidence that the possibility of recovery is remote.

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

104. In the annex to its report for the financial period ended 31 December 2015 (A/71/5/Add.2, chap. II), the Board provided a summary of the status of implementation of recommendations from previous financial periods. Information is provided below on the three recommendations from prior periods listed as outstanding, set out in the order in which the recommendations are presented in the annex.

105. Table 6 summarizes the overall situation.

Table 6
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2015

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Directorate	3	–	–	3	3	–
Total	**3**	**–**	**–**	**3**	**3**	**–**

Report of the Board for the financial period ended 31 December 2014[5]

106. In paragraph 31, UNCDF agreed with the recommendation of the Board that: (a) it expedite the process of operational closure for all projects based on their end dates and review the project status in Atlas in a timely manner to comply with the Programme and Operations Policies and Procedures; and (b) the investment committee, UNDP and UNCDF accelerate the process of approving budgets at project inception to allow swifter budget approval by the

[5] A/70/5/Add.2, chap. II.

Multi-Partner Trust Fund Office to facilitate the implementation of phase II projects.

Department responsible:	Directorate
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

107. UNCDF managed to financially close 80 per cent of the projects. A few more have been closed operationally and are waiting for donor confirmations before their financial closure. The remaining projects are ongoing and require the extension of their end dates.

108. **In paragraph 36, UNCDF agreed with the Board's recommendation that it: (a) maintain liaison with donors to agree on mechanisms disposing of any remaining balances to include in future trust fund agreements; (b) establish timelines and take all measures necessary to refund or reprogramme the $1.3 million from 22 inactive trust funds; and (c) expedite the process of the financial closure of all long outstanding operationally closed projects and review in a timely manner project status in Atlas to comply with policies and procedures in the operational and financial closure of projects.**

Department responsible:	Directorate
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

109. UNCDF has implemented part (a) of the recommendation. With regard to parts (b) and (c), UNCDF is expediting the financial closure of the projects and the refunding of unused funds to donors. As a result, more than 80 per cent of the old projects are closed financially, and unused funds have been refunded to donors.

110. **In paragraph 50, UNCDF agreed with the Board's recommendation that it perform analysis: (a) to substantiate the reserve amount in terms of percentage, to establish its reserve in line with the risk mitigation strategy or framework component; and (b) to establish the method for the calculation of reserves to mitigate risks associated with cost-sharing and trust funds with respect to expenditure-related risks, structural risks and liability risks, and submit it to the Executive Board for approval.**

Department responsible:	Directorate
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

111. A report has been prepared on the new proposed method for the calculation of reserves taking into account associated risks. An Executive Board document will be prepared requesting the approval of the proposed changes to the operating reserve formula.

IV. United Nations Children's Fund

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2015[6]

112. The status of implementation of the main recommendations as at August 2016 is summarized in table 7.

Table 7
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	3	–	–	3	3	–
Supply Division	2	–	–	2	2	–
Multiple offices	3	–	–	3	3	
Total	**8**	–	–	**8**	**8**	–
Percentage	**100**			**100**		

113. The status of implementation of all recommendations as at August 2016 is summarized in table 8.

Table 8
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Argentina country office	1	–	–	1	1	
Division of Financial and Administrative Management	5	–	–	5	5	–
Private Fundraising and Partnerships division	3	–	3	–	–	–
Supply Division	7	–	–	7	7	–
Multiple offices	6	–	1	5	5	–
Total	**22**	–	**4**	**18**	**18**	–
Percentage	**100**		**18**	**82**		

[6] A/71/5/Add.3, chap. II.

114. In paragraph 14, the Board recommended that the United Nations Children's Fund (UNICEF) consider: (a) consolidating at the corporate level an annual integrated budget containing figures from all the budgets approved by the Executive Board; and (b) including budgeted amounts for various activities under each outcome at the appropriate business unit level.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2017

115. UNICEF is in the process of developing a new budget process and formulation tool that is planned to be rolled out to all offices in a phased manner during 2017.

116. In paragraph 23, the Board reiterated its recommendation that UNICEF identify the operational costs that should be met from the programme budget and the institutional budget for maintaining their distinction in accordance with UNICEF Financial Regulations and Rules.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2017

117. UNICEF consulted with field offices and collected data on post and non-post costs related to operational functions and activities. A dedicated resource has been retained to analyse the data, with the objective of submitting a preliminary report by the end of 2016. That will inform the development of guidance on criteria and factors to use in attributing operating costs across different cost classification categories.

118. In paragraph 40, the Board recommended that UNICEF, with the objective of ensuring an effective harmonized approach to cash transfer management, institute a process to comprehensively capture the data and monitor the outcomes of assurance activities and action taken thereon by the country offices; and ensure that all country offices comply with the extant direct cash transfer policy, in letter and spirit, while making direct cash transfers, and include significant deviations in the performance review of the country office.

Departments responsible:	Field Results Group and Division of Financial and Administrative Management
Status:	In progress

Priority: High

Target date: First quarter of 2017

119. UNICEF has implemented systems for recording data on assurance activities. It will use that information to influence follow-up and programme design. With regard to the direct cash transfer policy, UNICEF will update the related risk assessment and identify appropriate controls to address any significant residual risks. The policy document will be updated accordingly to reflect the results of the risk assessment, and compliance with the policy will be monitored.

120. **In paragraph 46, the Board reiterated its recommendation that UNICEF continue to engage with National Committees to align their reserves policies, including the retention of reserves, with the reserves guidance of UNICEF.**

Department responsible: Private Fundraising and Partnerships Division

Status: Implemented

Priority: Medium

Target date: Not applicable

121. UNICEF considers this recommendation to have been implemented, as it engages with National Committees on a continuous basis. The budget levels and workplans of National Committees are updated annually. UNICEF has provided reserves guidance for National Committees and has suggested a reserves retention benchmark. This is guidance only, not a policy requirement, and is intended to engage National Committees, which are independent entities, in a discussion on the reasonableness of the levels of their reserves and to provide a benchmark for their consideration. While there may be national requirements in which the reserves policy recommended by UNICEF does not meet local needs, the UNICEF benchmark has been accepted by the majority of the National Committees. Their reserves policies are aligned with UNICEF guidance, and only one National Committee was found to retain reserves in excess of requirements. UNICEF has engaged with that National Committee and has already received funding from the excess for 2016.

122. **In paragraph 51, the Board recommended that UNICEF ensure the timely validation of revenue and expenditure reports of National Committees to mitigate the risk of not recognizing revenue in the period it relates to.**

Department responsible: Private Fundraising and Partnerships Division

Status: Implemented

Priority: Medium

Target date: Not applicable

123. All validations of revenue and expenditure reports were carried out by the established deadline. The understatement referred to in the report was due to a calculation error, rather than a delay in validation. UNICEF has improved the validation process to mitigate the risk of a similar error in the future.

124. **In paragraph 57, the Board recommended that UNICEF fix targets for revenue collection on the basis of achievements in previous years and fund requirements, and endeavour to achieve them using proper strategy and effective monitoring.**

Department responsible:	Private Fundraising and Partnerships Division
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

125. UNICEF has had fixed quarterly targets by channel for private sector revenue since the beginning of 2015 and monitors targets through reports of gross revenue by quarter. UNICEF shares detailed channel information with all fundraisers to inform them for purposes of strategy. Revenue generation performance is monitored against these targets. Variances from targets occur, but, as a result of reviewing them, UNICEF is better able to understand the actual results and what is happening in the market and, if feasible, to make adjustments and take corrective action. This is part of ongoing effective monitoring, and therefore UNICEF considers the recommendation to have been fully implemented.

126. **In paragraph 65, the Board recommended that the regional offices strengthen their internal control mechanism on the monitoring of donor reports and ensure that all the donor reports are sent on time. The West and Central Africa Regional Office also needs to ensure quality donor reporting by country offices by conducting sample quality assurance reviews as part of its oversight function.**

Departments responsible:	Field Results Group, Public Partnerships Division and Private Fundraising and Partnerships Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

127. UNICEF created an electronic scorecard for offices in 2016, which includes an indicator on the timeliness of donor reporting. This tool will enable regional offices to improve their oversight of country offices. In addition, regional offices are being encouraged to factor the results of the scorecard into the performance reviews of the heads of country offices. Furthermore, UNICEF has published donor reporting guidelines and held webinars with country offices. Those tools will benefit all country offices, including those in West and Central Africa. The West and Central Africa Regional Office will also strengthen its quality assurance review function.

128. **In paragraph 73, the Board recommended that UNICEF ensure the preparation of risk registers annually by all country offices and divisions, prepare an enterprise-wide annual risk mitigation plan and institutionalize a mechanism for the quarterly review of risk registers.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2017

129. The UNICEF enterprise risk management policy mandates all offices to complete an annual risk assessment and to update risk registers as needed. The organization plans to reinforce its enterprise risk management support for offices to strengthen compliance. An enterprise-wide mitigation plan has been created in 2016 for the risks identified in 2015. Owing to the prolonged nature of risk mitigation activities in the UNICEF context, the organization will review and update progress on the mitigation plan every six months.

130. **In paragraph 90, the Board recommended that UNICEF ensure that regional and country offices: (a) take necessary steps to prepare realistic integrated monitoring and evaluation plans and improve their activity completion rates; and (b) follow the procedure prescribed in the UNICEF Programme Policy and Procedure Manual with respect to the preparation and implementation of annual workplans and annual management plans in order to enable their timely execution.**

Departments responsible:	Evaluation Office and Field Results Group
Status:	In progress
Priority:	High
Target date:	Second quarter of 2017

131. UNICEF agreed to improve guidance and oversight with respect to integrated monitoring and evaluation plans for increased ability to plan and deliver, given appropriate resources. Evaluation planning is being strengthened through the implementation of the PRIME software platform and its link with other management information systems. UNICEF will also reinforce the timely preparation and implementation of annual workplans and annual management plans.

132. **In paragraph 104, the Board recommended that UNICEF lay down quantitative thresholds for projecting staff requirements and reduce the time lag in the recruitment process.**

Departments responsible:	Division of Human Resources and Programme Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

133. In the ongoing human resources reforms, strengthening and improving recruitment was identified as a pillar. A draft staff selection policy is being finalized. The policy is intended to, among other things, simplify recruitment processes, strengthen key performance indicators, streamline procedures and requirements and decentralize some of the approving authorities. All of those enhancements are expected to support offices in better managing their recruitment and securing the right persons for their posts in a timely manner.

134. **In paragraph 105, the Board recommended that UNICEF: (a) consider putting in place a fund tracking system to establish links between planned and actual expenditure against the appropriate planning level (outcome, output, activity); (b) review the existing guidance and other resource material for their improvement and better utilization; and (c) align output indicators with focus areas and activities towards the achievement of outputs under the outcome entitled "Education".**

Departments responsible:	Division of Data, Research and Policy and Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

135. This recommendation is linked to the one contained in paragraph 14 of the report. UNICEF is in the process of developing a new budget process and formulation tool, which is planned to be rolled out to all offices in a phased manner during 2017. As part of that process, guidance and other materials will be updated as appropriate.

136. **In paragraph 109, the Board recommended that the Argentina country office identify cases where the delay in receipt of goods was attributable to the vendors and take appropriate action under the contract agreement.**

Department responsible:	Argentina country office
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

137. The Argentina country office is reviewing the cases of delay in the receipt of goods that were due to the vendors and will take appropriate action.

138. **In paragraph 114, the Board recommended that the Supply Division follow up with country offices and third parties to review the causes of delay and make sincere efforts to ensure the timely receipt of vaccine arrival reports.**

Department responsible:	Supply Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

139. Existing monitoring processes and tools were shown to the audit team, which expressed satisfaction with the system in place. Using these processes, UNICEF will continue to follow up with country offices to ensure the timely receipt of vaccine arrival reports. When vaccine arrival reports are not submitted to the Supply Division in a timely manner (within three days of the arrival of the goods at the port of entry), dedicated staff who monitor the reports reach out to the relevant UNICEF country offices for follow-up with the partner (consignee) in an effort to ensure that the reports are submitted to UNICEF. In addition, quarterly reports on performance with respect to the submission of vaccine arrival reports per country are sent to regional offices for additional monitoring and reinforcement of the instructions. As a result of the previous measures, during the first half of 2016 the rate of timely submission of vaccine arrival reports has already increased to 40 per cent.

140. **In paragraph 122, the Board recommended that UNICEF include the freight costs in the programme supplies transferred to implementing partners in order to reflect their correct carrying cost.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

141. UNICEF is of the view that the current presentation of freight costs is in line with IPSAS and presentation by function. However, UNICEF has agreed to change its presentation of the financial statements, given the preference of the Board of Auditors. UNICEF notes that no changes in the underlying operations will be required.

142. **In paragraph 132, the Board recommended that UNICEF: (a) monitor its stock levels more closely to adhere to the extant stipulations relating to stock held for more than two years; and (b) closely follow up on items that are in transit for prolonged periods.**

Department responsible:	Supply Division
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

143. UNICEF performs rigorous monitoring of levels of inventory and goods in transit. Reasons for aged stock levels or goods in transit are known; for example, tents and bed nets have no expiration period and can remain contingency stock for prolonged periods of time; the shipping of goods to landlocked countries often takes longer than expected; and some countries have excessively long customs processes. In addition, the figures set out in the audit report include a significant portion of pre-positioned stock for emergencies and non-emergency items held in inventory for more than two years that were either dispatched and pending acknowledgement of receipt by implementing partners or recorded as damaged or impaired and pending review by the Property Survey Board.

144. The monitoring activities of UNICEF have been steadily improving. For example, an indicator regarding the ageing of programme supplies in country-office-controlled warehouses is included in the UNICEF balanced scorecard, which is monitored on a monthly basis. The results of that indicator show a significant improvement since 2014. The monitoring has also led to low write-off levels.

145. With respect to goods in transit, UNICEF has set up a working group to improve current status and reporting. Moreover, the internal dashboards include specific action points directing country offices to address transactions that are shown as goods in transit in the VISION system but have actually been delivered to the consignee.

146. In addition, UNICEF has held five regional workshops on the monitoring of its supply chain, training more than 160 staff members. The workshops included specific elements aimed at facilitating and increasing the regular monitoring of stock levels and goods in transit, as well as the taking of action on stock held for more than two years. The relevant procedures are also being revised to further strengthen stock monitoring.

147. **In paragraph 133, the Board recommended that the Supply Division: (a) ensure coordination among freight forwarding agents, country offices and implementing partners for capturing real-time data in VISION to strengthen supply chain management with updated information; and (b) update the information in VISION regarding the status of delivery of supplies without further delay.**

Department responsible:	Supply Division
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2017

148. UNICEF is working to improve its guidance for country offices and freight forwarding agents on the processes relating to inventory in transit, highlighting the actions they need to take and the monitoring tools available. UNICEF encourages country offices to address the requirement for accurate handover forms with implementing partners.

149. **In paragraph 140, the Board recommended that UNICEF fix a timeline for the Comptroller to approve the disposal of impaired supplies and ensure compliance.**

Department responsible:	Supply Division
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2017

150. UNICEF has reviewed its disposal and write-off processes and implemented new procedures with effect as from the third quarter of 2016. Inventory items are now disposed of once the Director of the Supply Division has endorsed the recommendation of the Property Survey Board. The revised procedures provide for timely and efficient inventory and warehouse management, preventing storage space from being occupied for extended periods by impaired inventory.

151. **In paragraph 149, the Board recommended that UNICEF ensure that the purchase orders contain realistic delivery dates, binding both on the suppliers and UNICEF, and consider any unjustified deviation seriously in the interest of programme implementation.**

Department responsible:	Supply Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

152. UNICEF will remind offices of the need to set realistic delivery dates and follow up with suppliers on deviations from contract terms. UNICEF will monitor compliance, including the improvement of alerts in the internal dashboards.

153. **In paragraph 156, the Board recommended that UNICEF review cases of delay and follow up with contracting staff, suppliers and freight forwarding agents to ensure timely delivery of supplies; and follow up with the country offices, in case of backlog, to ensure that delivery dates are confirmed and supplies are made without further delay.**

Department responsible:	Supply Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

154. UNICEF has updated the report used to monitor purchase orders to include additional elements/indicators that will allow for more effective monitoring of the execution of purchase orders. The progress made by UNICEF since 2012 on some of the key performance indicators has been very significant, including increases in the proportion of on-time deliveries from suppliers, from 53 per cent to 76 per cent, and in on-time deliveries of international orders, from 59 per cent to 76 per cent. UNICEF will continue to monitor this area in order to meet all key performance indicator targets.

155. **In paragraph 161, as agreed by UNICEF, the Board recommended that the regional and country offices assign the work of the contract only after executing the contract agreement.**

Department responsible:	Supply Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

156. UNICEF policies include clear instructions regarding the need to have a signed contract in place before the required services can commence. In addition, guidance on the requirement that a valid agreement be in place before the corresponding service can commence is part of the training material used in the workshop on contracting for services, which is conducted regularly and targeted to the UNICEF supply community. UNICEF will reinforce these policies by sending out periodic reminders to offices as well as by monitoring their disclosure of exceptions.

157. **In paragraph 166, the Board recommended that the country office ensure adherence to the provisions of the Supply Manual relating to single-source procurements.**

Departments responsible:	Supply Division and Brazil country office
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

158. In order to minimize the use of single sources in selecting contractors, UNICEF has implemented a change in the VISION system to make it mandatory to record whether a contract has been issued following a single-source or competitive process. This allows offices to monitor the occurrence of single-sourcing and compliance with the requirement of appropriate justification for single-sourcing. The 2015 audit found two cases in which low-value contracts had been issued following a single-source process, in one country office. Notwithstanding, UNICEF is reinforcing these policies through periodic reminders to offices and monitoring compliance by reviewing disclosures of exceptions.

159. **In paragraph 172, the Board recommended that UNICEF review the applicability of its policy on advance booking globally in view of the changes in the travel business and revise the strategies accordingly.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

160. Taking advantage of last-minute airline ticket sales already forms an important part of the UNICEF per-unit cost reduction strategy in North America. This is possible because of the unique way in which North American airlines manage their inventories. UNICEF will monitor the airlines' strategy globally to ascertain whether such opportunities are available in other parts of the world and adjust its strategy and policy accordingly.

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

161. In annex I to its report for the year ended 31 December 2015 (A/71/5/Add.3, chap. II), the Board provided a summary of the status of implementation of recommendations from previous financial periods. The overall situation as of August 2016 regarding the 14 recommendations considered to be "under implementation" by the Board is summarized in table 9.

Table 9

Status of implementation of recommendations from prior periods considered not fully implemented in annex I to the report of the Board of Auditors for the year ended 31 December 2015

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	3	–	1	2	2	–
Evaluation Office and Field Results Group	1	–	–	1	1	
Field Results Group	2	–	1	1	1	–
Field Results Group and Division of Financial and Administrative Management	1	–	–	1	1	–
Private Fundraising and Partnerships Division	4	–	4	–	–	–
Supply Division	3	–	–	3	3	–
Total	**14**	**–**	**6**	**8**	**8**	**–**

Report of the Board for the year ended 31 December 2012[7]

162. In paragraph 86, the Board recommended that UNICEF: (a) analyse the parameters for determining the appropriate level of operational posts at country offices; and (b) monitor and control the use of the programme budget by country offices to cover operational expenditures not associated with specific programmes or projects.

[7] A/68/5/Add.2, chap. II.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2017

163. Refer to the comments of UNICEF above relating to the recommendation contained in paragraph 23 of the Board's report for the year ended 31 December 2015 (A/71/5/Add.3, chap. II).

Report of the Board for the year ended 31 December 2013[8]

164. **In paragraph 24, the Board recommended that UNICEF: (a) collect donor agreements from all National Committees and ensure that all retentions of "other resources" by National Committees are made known to and approved by donors; and (b) ascertain reasons for high retention rates and take measures to maximize the regular resources from National Committees.**

Department responsible:	Private Fundraising and Partnerships Division
Status:	Implemented
Priority:	High
Target date:	Not applicable

165. UNICEF considers the recommendation to have been fully implemented. The retention rate for 2015 was 78 per cent, which exceeded the Fund's goal of 75 per cent.

166. **In paragraph 28, the Board recommended that UNICEF request the relevant National Committees to develop or revise their reserve policies in accordance with the reserves guidance and the cooperation agreement, and strengthen its monitoring of the reserves of National Committees in order to continue to bring reserves down to reasonable levels.**

Department responsible:	Private Fundraising and Partnerships Division
Status:	Implemented
Priority:	High
Target date:	Not applicable

167. Refer to the comments of UNICEF above relating to the recommendation contained in paragraph 46 of the Board's report for the year ended 31 December 2015.

[8] A/69/5/Add.3, chap. II.

168. In paragraph 37, the Board recommended that UNICEF establish a global monitoring system to track the extent to which country offices plan and manage capacity assessment and assurance activities related to cash transfers.

Department responsible:	Field Results Group
Status:	Implemented
Priority:	High
Target date:	Not applicable

169. In its corporate performance management system (inSight), UNICEF has put in place functionalities, such as the harmonized approach to cash transfers status report, to enable offices to report to regional offices and headquarters all information relating to the implementation of the harmonized approach to cash transfers. inSight captures and provides dashboards for all performance data, including key performance indicator data on the harmonized approach to cash transfers, in office scorecards. Data relating to planned and completed assessments and assurance activities are included in the status report, and all offices are required to capture performance data using the report.

170. In paragraph 48, the Board recommended that UNICEF enhance the capacities of implementing partners in programmatic areas and coordinate with other agencies with financial expertise in strengthening the capacities of implementing partners in the area of financial management.

Department responsible:	Field Results Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

171. UNICEF continues to make progress in this area. Several consultations have been held with non-governmental organizations and other United Nations agencies in order to ensure harmonization with the needs of civil society organization partners and to leverage efforts at the inter-agency level. A global quality assurance review of all harmonized approach to cash transfers assurance products will also help to identify trends in the internal control weaknesses of the Fund's civil society organization partners. The review will be completed before the finalization of the global strategy on the harmonized approach to cash transfers.

172. In paragraph 63, the Board recommended that UNICEF: (a) consider presenting and reporting the budget for the private sector fundraising activities of its country offices in an integrated manner; and (b) continue analysing the costs of the private sector fundraising activities of its country offices to enhance efficiency and effectiveness.

Department responsible:	Private Fundraising and Partnerships Division
Status:	Implemented

Priority: High

Target date: Not applicable

173. The document approved by the UNICEF Executive Board for the 2016 private sector fundraising budget fully integrates the costs of country offices. In addition, a post has been created to further analyse private sector fundraising in country offices, and recruitment for it is under way. UNICEF considers the recommendation to have been fully implemented.

174. **In paragraph 69, the Board recommended that UNICEF require its country offices to apply fully justified budget assumptions in preparation for resource estimation with respect to activities set out in the multi-year/rolling workplans.**

Department responsible: Field Results Group and Division of Financial and Administrative Management

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2016

175. Guidance on the preparation of multi-year/rolling workplans exists for country offices and is being strengthened to include the documentation of budget assumptions. UNICEF will also continue, through training and guidance, to strengthen the capacity of its country offices to implement results-based management.

Report of the Board for the year ended 31 December 2014[9]

176. **In paragraph 18, the Board recommended that appropriate internal controls be exercised to ensure that expenditure is limited to the agreement amounts and not exceeded.**

Department responsible: Division of Financial and Administrative Management

Status: Implemented

Priority: High

Target date: Not applicable

177. UNICEF has reviewed its controls and confirms that overspending is limited to known and purposely designed processes, such as movements of foreign exchange, salary payments and freight costs for supplies. This is part of the Fund's standard operating procedures that provide it with the flexibility to make adjustments after the fact, rather than halting specific types of transactions that could constrain its operations. UNICEF considers the recommendation to have been fully implemented.

[9] A/70/5/Add.3, chap. II.

178. In paragraph 27, the Board reiterated its recommendation made in its report for the year 2012 and added that management should establish clear guidelines and define direct costs that could be attributable to programmes and projects so as to enhance adherence to the distinction between the programme budget and the institutional budget as envisaged in the Financial Regulations and Rules.

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2017

179. Refer to the comments of UNICEF above relating to the recommendation contained in paragraph 23 of the Board's report for the year ended 31 December 2015.

180. In paragraph 57, the Board recommended that UNICEF: (a) continue to persuade the National Committees of early establishment of reserves policies that are in accordance with the Reserves Guidance for National Committees; and (b) continue to engage with the National Committees to ensure that the level of reserves is relevant for the environment they operate in, taking into account the benchmarks in the reserves policy.

Department responsible:	Private Fundraising and Partnerships Division
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

181. Refer to the comments of UNICEF above relating to the recommendation contained in paragraph 46 of the Board's report for the year ended 31 December 2015.

182. In paragraph 69, the Board recommended that: (a) steps be taken to improve the completion rate of activities under the integrated monitoring and evaluation plan; (b) the country offices continue their efforts to ensure timely finalization of annual workplans and follow up release of funds to implementing partners; and (c) the system and procedure for timely preparation and submission of annual management plans to the regional offices be strengthened to improve the governance of country offices.

Department responsible:	Evaluation Office and Field Results Group
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

183. Refer to the comments of UNICEF above relating to the recommendation contained in paragraph 90 of the Board's report for the year ended 31 December 2015.

184. **In paragraph 75, the Board recommended that UNICEF: (a) monitor its stock levels more closely to adhere to the extant stipulations relating to stock held for over two years; (b) closely follow up items that are in transit for prolonged periods; and (c) ensure accuracy in reporting of items that have been processed in the system as received.**

Department responsible:	Supply Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

185. Refer to the comments of UNICEF above relating to the recommendation contained in paragraph 132 of the Board's report for the year ended 31 December 2015.

186. **In paragraph 85, the Board recommended that UNICEF: (a) streamline its processes of placing of purchase orders after the requirements are projected by the programme sections; (b) monitor execution of purchase orders to ensure timely delivery of supplies; (c) identify cases where the delay in receipt of goods was due to the vendors and take appropriate action under the contract agreement, including invoking liquidated damages, in a consistent manner; and (d) consider including a provision for performance security and for levy of liquidated damages in all long-term agreements to safeguard the interests of the organization.**

Department responsible:	Supply Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

187. UNICEF has streamlined its processes for the placing of purchase orders and updated its procurement procedures accordingly. It has launched an e-learning module on that topic, which is available to all UNICEF staff through Agora, an internal training tool.

188. UNICEF has updated the report that is used to monitor purchase orders to include additional elements/indicators that will allow for more effective monitoring of the execution of purchase orders. The improved reports have increased the contract details available to staff, allowing for various levels of monitoring on a weekly, quarterly and annual basis.

189. UNICEF monitors supplier performance with respect to the timely delivery of goods through the expediting process and the key performance indicator review process, which allows for the identification of delays caused by suppliers in the

delivery of goods. In that regard, UNICEF has revised its procedure for expediting purchase orders and related shipments to include guidance on the consistent enforcement of liquidated damages under the applicable contracts, thus utilizing adequate guidance to ensure that vendor responsibility and performance are monitored. Evidence of liquidated damages enforced by the UNICEF Procurement Centre is now being recorded.

190. UNICEF does not consider performance securities to be a cost-effective procurement instrument for long-term agreements for goods, as they may result in cost increases, whereas risks are adequately covered through other contractual terms. However, they are occasionally used in construction and other service contracts, where they can be a helpful tool for guaranteeing supplier performance.

191. **In paragraph 98, the Board recommended that UNICEF: (a) ensure that remedies available under the terms of contracts are enforced, where required, to ensure vendor responsibility and performance; and (b) review all the cases where the contracts are kept open after the expiry of the validity period and ensure timely closure of the contracts.**

Department responsible:	Supply Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

192. In order to ensure that the available contractual remedies are applied in the event of supplier non-performance, the related procedure has been revised to include guidance on the consistent enforcement of liquidated damages under the applicable contracts. UNICEF is monitoring the enforcement of liquidated damages.

193. A report has been developed to monitor the timely closure of contracts, and offices are actively using it. UNICEF will supplement that report by adding the indicator to internal dashboards. In addition, a workshop entitled "Monitoring supplies via the UNICEF supply chain" has been held; it included a specific session on monitoring the status and implementation of institutional contracts, as well as the closure of commitments related to such contracts. In 2015, UNICEF trained 160 staff members.

V. Voluntary funds administered by the United Nations High Commissioner for Refugees

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2015[10]

194. The status of implementation of the main recommendations as at August 2016 is summarized in table 10 below.

[10] A/71/5/Add.6, chap. II.

Table 10
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Emergency, Security and Supply	1	–	–	1	1	–
Division of Financial and Administrative Management	3	–	–	3	3	–
Division of Programme Support and Management	4	–	1	3	3	–
Enterprise Risk Management Unit	3	–	–	3	3	–
Total	**11**	**–**	**1**	**10**	**10**	**–**
Percentage	**100**	**–**	**9**	**91**		

195. The status of implementation of all recommendations as at August 2016 is summarized in table 11.

Table 11
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Emergency, Security and Supply	1	–	–	1	1	–
Division of Financial and Administrative Management	8	–	2	6	6	–
Division of Programme Support and Management	9	–	2	7	7	–
Enterprise Risk Management Unit	3	–	–	3	3	–
Policy Development and Evaluation Service	1	–	–	1	1	–
Total	**22**	**–**	**4**	**18**	**18**	**–**
Percentage	**100**	**–**	**18**	**82**		

196. **In paragraph 14, the Board recommended that the Office of the United Nations High Commissioner for Refugees (UNHCR) develop a set of processes, tools and reports that can be applied at the field level to enhance the financial management of programme budgets and expenditure. This should include stronger links between finance and programme staff in the field through joint analysis and review processes.**

Department responsible: Division of Programme Support and Management

Status: In progress

Priority:	High
Target date:	Second quarter of 2017

197. Recognizing the complementarity of functions, UNHCR will review the current guidance to further strengthen the mechanisms for a systematic inclusion of finance staff within the multifunctional teams existing at the field level and during key stages of the programme cycle where their expertise can support the provision of sound financial advice. Improving the support to both programme and finance staff in the field in enhancing the financial management of programmes will be the focus of work for both the Division of Programme Support and Management and the Division of Financial and Administrative Management.

198. **In paragraph 24, the Board recommended that UNHCR ensure that the global fleet management strategy is communicated consistently across country and regional offices, and that checks are carried out to ensure that its application across all offices represents best value.**

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

199. While the strategy for the global fleet management project has been widely communicated throughout the organization, UNHCR will organize briefing sessions, in cooperation with the regional bureaux, for the eight largest operations (representing more than 50 per cent of the vehicle fleet), emphasizing the benefits derived by both the organization as a whole and the specific operation from the application of the global fleet management strategy. Additionally, the Office plans to continue to conduct annual evaluations of global fleet management through an external service provider and communicate with key stakeholders on how the value for money objective can best be captured as part of the evaluation.

200. **In paragraph 39, the Board recommended that UNHCR review the arrangements in place for both the steering and business owners committees to ensure that: (a) they meet at key stages during the project and when significant changes are being considered; (b) more formal documentation is maintained to support how key risks are being controlled; and (c) they meet when they provide approval for budget changes.**

Department responsible:	Division of Financial and Administrative Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

201. UNHCR has already established a formal review process that is conducted at key stages during the project. The process involves multiple stakeholders and governing bodies, including the business owners committee, the steering committee and the Information Technology Governance Board. The bodies are tasked with reviewing and documenting the impact of any significant changes before the submission of change proposals to the annual programme review or Budget Committee. The Office considers the recommendation to have been implemented.

202. **In paragraph 44, the Board recommended that UNHCR use the performance measures and key benefits to develop a benefits realization plan, reporting progress against each measure to senior management on a regular basis; furthermore the plans should have the formal approval of the steering committee.**

Department responsible:	Division of Financial and Administrative Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

203. The benefits realization plan for the Managing Systems, Resources and People (MSRP) upgrade project has been prepared. It provides the summary of key benefits excerpted from the business case and the strategic priorities identified by the business stakeholders and has been endorsed by the steering committee and the project sponsor. The benefits will be derived, over a multi-year iterative process, from refined, redesigned and improved business processes, reduced manual efforts, reduced duplication of efforts, improved operational effectiveness, the adoption of industry best practices and standards, better accountability, greater transparency and greater user satisfaction.

204. It should be noted that the obsolescence of the system and the discontinuation of technical support were the main driving factors for the initiation of the MSRP upgrade project. In addition, as a result of the upgrade, UNHCR will also obtain efficiency gains, which are expected to become visible in 2017 and attain full impact during the period 2017-2018. The Office considers the recommendation to have been implemented.

205. **In paragraph 55, the Board recommended that risk registers be reviewed on at least a quarterly basis as a standing item at senior management meetings. Country office representatives should take a cyclical approach to scrutinizing risks and the mitigation thereof to ensure that the risk process is fully embedded in their local business processes and utilized in the development of country office plans.**

Department responsible:	Enterprise Risk Management Unit
Status:	In progress
Priority:	High
Target date:	Third quarter of 2017

206. UNHCR has scheduled a review of the enterprise risk management policy and implementation procedures, which is to take place in the first half of 2017. The recommendation will be addressed as part of the review, alongside other measures that would need to be reflected in the revised policy and/or procedures. Any future changes will continue to address context-specific risk management modalities with specific follow-up to increase the opportunities for an impact on local processes.

207. From the second quarter of 2016, the Internal Audit Division of the Office of Internal Oversight Services (OIOS) has been systematically collecting information on the risk management practices during its field visits and providing better visibility on how systematic risk management is evolving in the field operations.

208. In line with the adopted light-touch approach, "soft guidance" on the regular risk management activities continues to be part of the planning, implementation, monitoring and reporting requirements, as applicable. Compliance with the current mandatory requirements is monitored by the Enterprise Risk Management Unit in close collaboration with the regional bureaux.

209. **In paragraph 56, the Board recommended that greater attention be given to the status and quality of mitigating actions in country office risk registers to ensure they are realistic, complete and updated. The Board also recommended that the bureaux develop their review processes to provide more regular and formal feedback on the quality of mitigating actions and utilize them as part of country plan considerations.**

Department responsible:	Enterprise Risk Management Unit
Status:	In progress
Priority:	High
Target date:	Second quarter of 2017

210. The year 2015 was fully dedicated to the roll-out of the enterprise risk management framework, with significantly greater emphasis on compliance aspects. The approach yielded 100 per cent completion of the first organization-wide risk assessment.

211. Central monitoring of the corporate risk register shows uneven quality of risk information (such as depth of risk analysis, relevance/adequacy of risk treatments) in field operations. Starting in the fourth quarter of 2015, through the follow-up on the annual risk reviews, the Enterprise Risk Management Unit is gradually moving towards quality assurance of risk management information contained in the register.

212. Additional business intelligence capabilities will be developed to better support the work of the regional bureaux in this area. This will allow better analysis of risk information, notably for the priority risks. Furthermore, as of the first quarter of 2017, the Internal Audit Division of OIOS will move towards comprehensive risk assurance. This will build on the work already carried out by the Internal Audit Division during its field visits.

213. **In paragraph 57, the Board recommended that UNHCR work further towards the full integration of the corporate and strategic risk processes and**

embed the information flows more formally within the decision-making processes.

Department responsible:	Enterprise Risk Management Unit
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

214. It should be recognized that by its nature, the strategic risk register will only partly align with the corporate risk register. In addition to risks aligned with the emerging risk trends in the field, the strategic risk register will also contain organization-wide risks of a global nature. The strategic risk register has been developed in parallel with the ongoing risk assessments and reviews taking place in the field. The category-based analysis of the risk trends from the corporate risk register indicates growing convergence between the two registers. A full integration of both registers is not expected beyond reasonable convergence.

215. The Enterprise Risk Management Unit will continue to conduct trend analysis of the corporate risk register and to ensure reasonable thematic alignment between the two risk registers. The result of such analysis will continue to be reflected in the strategic risk register.

216. **In paragraph 63, the Board recommended that, following the results of a verification exercise, UNHCR headquarters and regional teams assess the impact, if any, on resourcing requirements in the relevant operation and for other operations in the region, to assess where the extra resources should be deployed.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

217. A working group comprising staff from specific divisions and bureaux will be established to systematically review the results of the verifications of the population figures at each stage of the planning cycle and to ensure that adjustments in resource requirements are made, as necessary. This will commence with the 2016 midyear review process and will continue with the pre-detailed planning stage for the 2017 budget.

218. **In paragraph 65, the Board recommended that UNHCR headquarters develop a formal reporting mechanism on the frequency and comprehensiveness of verification exercises, enabling it to obtain assurance as to the accuracy of the data regarding its existing population of concern, and provide a stronger link between the results and the deployment of resources.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

219. UNHCR will develop a formal registration reporting mechanism that will consist of various templates to facilitate the monitoring of the planning, implementation and reporting of the verification, including information on statistical and protection outcomes of the exercise measured against baseline population figures, budget and resource expenditure and protection objectives.

220. UNHCR will ensure compliance with the reporting requirements through its network of regional registration officers, with support from regional representation. The results of the reporting mechanism will be shared with all relevant stakeholders, to provide visibility on progress and outcomes.

221. **In paragraph 73, the Board recommended that UNHCR headquarters, as matter of urgency, implement a benefits realization process for the biometric identity management system (BIMS), and use it to determine whether its roll-out should continue, and provide an evidence base to support management decisions on future investment.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

222. A benefits realization matrix is being developed for the biometric identity management system project, drawing on the initial project documentation and consultations with stakeholders. Key steps in the process will consist of: (a) deciding on the indicators; (b) incorporating the indicators into the global planning matrix, for ease of document management; and (c) having a differentiation between "expected" and "realized" for each indicator, with another column for narrative and the date of the most recent follow-up.

223. **In paragraph 81, the Board recommended that UNHCR monitor the extent to which budgets reflect the needs as assessed for future plans. In doing so, it needs to provide greater challenge on discrepancies, to ensure figures remain credible.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

224. The review of needs assessments for future plans and the extent to which they are reflected in budget figures is already a key element of the annual programme review process and the figures submitted are challenged. To further strengthen this area, measures will be implemented to provide additional guidance to field operations regarding the elements to be included in the needs assessments, such as implementation capability and operational context, including the circumstances in which activities are to be carried out by other partners, as well as providing specific training for conducting the exercise. The steps taken to implement the recommendation included in paragraph 65 of the report of the Board of Auditors, on population verification exercises, will also complement the measures outlined above and contribute to the overall progress on the recommendation.

225. **In paragraph 85, the Board recommended that UNHCR review the role of the bureaux, to ensure activities align and complement other headquarters efforts and that it sufficiently supports countries in applying more formal and evidenced aspects of headquarters scrutiny to the plans prior to submission.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

226. The revision to the internal resource allocation framework currently under way will include modifications to the annual planning, review and approval processes to achieve improvements in the quality of the submissions and increased efficiency of the review and approval processes. The revision will further clarify the roles of various headquarters entities, including the bureaux, involved in such processes.

227. **In paragraph 88, the Board recommended that UNHCR: (a) assess whether the level of scrutiny applied during its annual budget process is at an appropriate level, and in doing so determine the costs involved at all stages of preparation; and (b) assess the merits of a multi-year planning approach to resource allocation decisions, as well as other models such as targeted "deep dives" for the highest-risk operations, and assess where these approaches should be rolled out further and where a lighter touch can be applied.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Third quarter of 2017

228. The revision to the resource allocation framework of UNHCR is currently under way. Upon completion of the annual programme review process in the first half of 2017, the Office will assess the effectiveness of the new approaches to be introduced through the revision, as well as the associated costs.

229. Institutionalization of a multi-year approach to planning and resource allocation will also be considered as part of the revision to the framework. Targeted "deep dives" for major operations will continue to be undertaken. The methodology will be reviewed to ensure that it is sufficiently robust while remaining manageable within available resources and other priorities.

230. **In paragraph 91, the Board recommended that UNHCR review how it can simplify country operation plans, for example, by reporting only changes compared with the previous year, key areas of spend, etc., and through better use of graphical representation, focusing on outcomes and achievements against targets. UNHCR needs to better determine which operational objectives, outputs and indicators to include, using only those that are most pertinent.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

231. UNHCR is undertaking a comprehensive review of its results-based management framework to simplify and streamline the planning and budgeting processes and associated implementation, monitoring and reporting requirements. The simplification of the country operation plans will be addressed as part of that exercise, over the long term. However, in order to address the Board's recommendation in the interim, the Office will consider introducing transitional requirements for preparing the operation plans for the biennium 2018-2019, within the technical limitations allowed under its current planning platform.

232. **In paragraph 93, the Board recommended that UNHCR systematically allocate sufficient resources to expand its evaluation coverage of field programmes against agreed risk criteria so as to improve the evidence base for resource allocation.**

Department responsible:	Policy Development and Evaluation Service
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2018

233. The revised evaluation policy, intended for issuance in September 2016, envisages greater resources being devoted to expanding evaluation coverage. The adequacy of the policy will be assessed through a peer review, which is expected to occur in the fourth quarter of 2018.

234. **In paragraph 98, the Board recommended that UNHCR and country operations improve the design of efficiency activities, such as restructuring, to enable their impact to be measured and to allow for better decision-making for resource allocation.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

235. Annual planning, budgeting and reporting instructions for 2017 are being updated to include a requirement that activities where planned efficiencies have resulted in savings be highlighted, or where this has not been possible, for an explanation to be provided. In addition, the multi-year planning framework, which is currently being elaborated, should support the analysis of efficiency activities, as that type of analysis often falls beyond the scope of reviews undertaken in the current one-year planning cycle.

236. UNHCR is also conducting several structural and staffing reviews in the field to determine optimal organizational design and workforce requirements and improve efficiency of the respective country teams.

237. **In paragraph 102, the Board recommended that greater scrutiny be applied to programme support costs both at headquarters and within operations. UNHCR should review operations where support costs cannot be reasonably justified.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2017

238. Support costs are regularly and routinely reviewed when country plans and budgets are submitted on an annual basis to headquarters. As part of the revision to the resource allocation framework currently under way, as mentioned above in the responses to the recommendations in paragraphs 85 and 88 of the Board's report for the year ended 31 December 2015, further scrutiny is envisaged regarding the level of programme support costs.

239. **In paragraph 104, the Board recommended that UNHCR headquarters identify which operations have reduced their costs and/or per capita spending, and provide a platform for those operations to share their experience.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2017

240. UNHCR will take the necessary action to put in place a systematic process, as recommended.

241. **In paragraph 106, the Board recommended that UNHCR further scrutinize the cost drivers and value for money within items of significant expenditure. In doing so, it should assess the opportunities for efficiencies to be found in the way they are delivered.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

242. UNHCR will consider the specifics of the recommendation as part of the action taken to implement the Board's earlier recommendation, in its report for the year ended on 31 December 2014, that it review the scrutiny process for the cost-effectiveness of its proposed interventions (see A/70/5/Add.6, para. 68). In response to that earlier recommendation, the Office plans to review and propose measures to streamline the processes currently existing in the organization for the assessment and analysis of cost-effectiveness, both at field operations and headquarters levels. As part of that work, UNHCR will also address the need to develop guidance for the identification and analysis of cost drivers and their impact on the value for money aspects.

243. UNHCR is also undertaking a comprehensive review of its results-based management framework to simplify and streamline the planning and budgeting processes. The initiative will also contribute to enhancing the mechanisms for identification and monitoring of cost driver elements.

244. **In paragraph 111, the Board recommended that UNHCR identify areas of good practice in challenging the cost base of projects delivered by implementing partners, identify where efficiency savings are being considered and achieved, and share that information across other offices through a central focus point at headquarters.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2017

245. A mechanism for identifying, gathering and sharing good practices will be developed in consultation with bureaux and country-level operations. The intention is to pilot such a mechanism in several countries before implementing it throughout the organization.

246. **In paragraph 118, the Board recommended that UNHCR develop performance measures to assess the added-value impact of "Seeds for**

Solutions" and, more widely, activity to deliver durable solutions. In doing so, UNHCR should develop a strategy for working effectively with development partners and host Governments.

Department responsible:	Division of Programme Support and Management
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

247. A strategy to support UNHCR working effectively with development partners has been in place for some time and has yielded results, as evidenced by the well-established collaboration with, among others, the World Bank, the Organization for Economic Cooperation and Development, host Governments and the Solutions Alliance.

248. Furthermore, the "Seeds for Solutions" initiative has supported the establishment of the multi-year, multi-partner protection and solutions strategy approach, which is now the strategic approach to enhancing solutions delivery, in line with the recommendation made by senior management during the 2016 annual programme review process. The multi-year, multi-partner protection and solutions strategy approach is accompanied by clear tools and guidance on the monitoring of performance. Six countries have been included in the pilot phase and the intention is to expand the number of countries to 21 by 2017. UNHCR considers the recommendation to have been implemented.

249. **In paragraph 122, the Board recommended that UNHCR rethink its approach to overseeing durable solutions so that it becomes embedded in delivery, using its multi-year strategies. It should consider developing a matrix of operations that show the likelihood of success for durable solutions, which captures the political and structural barriers to delivering successful durable outcomes, using that information to determine the effective allocation of resources within its annual programme review.**

Department responsible:	Division of Programme Support and Management
Status:	Implemented
Priority:	High
Target date:	Not applicable

250. The multi-year, multi-partner protection and solutions strategy approach was established with a pilot phase for six countries, as described above. During the 2016 annual programme review process, the strategies for the pilot countries were reviewed and validated. While the implementation of the strategies is ongoing, the annual programme review recommended an expansion of the pilot to include more operations that follow a multi-year, multi-partner protection and solutions strategy approach.

251. The approach will gradually move UNHCR operations into multi-year, multi-partner protection and solutions strategic management, reflecting the local

sociopolitical and economic reality of the given operation, and allowing the organization to determine an effective allocation of the resources and operations to efficiently implement sustainable protection and solutions interventions for people of concern. UNHCR considers the recommendation to have been implemented.

B. Implementation of the recommendations contained in the report of the Board of Auditors from prior financial periods

252. In annex I to its report for the year ended 31 December 2015 (A/71/5/Add.6, chap. II), the Board provided a summary of the status of implementation of the recommendations from previous financial periods. The overall situation as at August 2016 on the 25 recommendations assessed as "under implementation" by the Board is summarized in table 12 below.

Table 12
Status of implementation of recommendations from prior periods considered not fully implemented in annex I to the report of the Board of Auditors for the financial period ended 31 December 2015

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Financial and Administrative Management	8	–	–	8	8	–
Division of Programme Support and Management	7	–	–	7	7	–
Division of External Relations	1	–	1	–	1	–
Division of Emergency, Security and Supply	2	–	–	2	2	–
Organizational Development and Management Service	1	–	1	–	–	–
Division of Human Resources Management	3	–	–	3	3	–
Division of International Protection	3	–	–	3	3	–
Total	**25**	**–**	**2**	**23**	**23**	**–**

Report of the Board for the year ended 31 December 2010[11]

253. **In paragraph 114, the Board recommended that UNHCR review the various approaches to project tracking across its network in order to identify best practices with wider applicability and assess compatibility with the corporate information technology strategy.**

Department responsible: Division of Programme Support and Management

Status: In progress

[11] A/66/5/Add.5, chap. II.

Priority: Medium

Target date: Fourth quarter of 2016

254. Consultations are under way to examine alternative commercial software applications that can provide long-term solutions to meet the organizational management support needs. The discussions incorporate the dimension of enhancing operations' ability for project tracking. In parallel, UNHCR is undertaking a review of other existing good practices, such as ActivityInfo, which is used for tracking progress in the context of the inter-agency refugee response. The review focuses on functionalities, design and interoperability with the client database, Focus. A pilot test for project progress tracking at the output level is planned in several of the Office's operations, on a voluntary basis. The delay in the implementation is due to the fact that UNHCR has not yet reached a final conclusion on whether ActivityInfo is the best system for project progress tracking. There is a need to ascertain whether the platform can facilitate both quantitative data recording at the operations and/or field office level and qualitative data management, and to assess its performance, costs, effectiveness and efficiency.

255. Other actions are also being taken to track the progress of projects implemented through partners, as part of the overall enhancement of the framework for implementing with partners. Actions include the launching of the Office's Partner Portal and the establishment of links between the disbursements made to partners and the respective outputs. Special e-knowledge folders have been created in the electronic archiving system, where all project partnership agreements are stored, providing internal access to agreements signed in the field and therefore facilitating the monitoring of partner projects. New guidance on partner project performance and financial monitoring is in the process of being issued. The guidance will further enhance the tracking and management of project partnerships by providing regular and predictable performance monitoring.

Report of the Board for the year ended 31 December 2012[12]

256. **In paragraph 105, the Board recommended that UNHCR include, in the new fleet management manual, guidance on how to assess alternatives to the use of distant garages when remote servicing can result in excessive mileage, extended vehicle downtime and high transit costs. Guidance should include requirements for: (a) periodic testing of local markets for the availability of closer commercial maintenance facilities of the requisite standard; (b) periodic review of the scope for United Nations agencies, non-governmental organizations and implementing partners to procure maintenance collectively, to leverage greater bargaining power or attract reliable operators to open facilities nearby; and (c) consideration of the maintenance of a stock of oil and filters at the field office level to enable the most basic (category A) servicing to take place in the field.**

Department responsible: Division of Emergency, Security and Supply

Status: In progress

[12] A/68/5/Add.5, chap. II.

Priority:	Medium
Target date:	Fourth quarter of 2016

257. In June 2015, UNHCR issued operational guidelines for the management and use of its vehicles, which address the requirements for adequate repair and maintenance. The approach for managing the repair and maintenance of vehicles in UNHCR will continue to be developed in the next phase of the global fleet management project, which started in early 2015 and is expected to be completed by the end of 2016. An initial request for proposals for repair and maintenance services was launched in November 2015 but was not successful, and a revised request for proposals was issued in July 2016 with a closing date of 30 September 2016. On that basis, it is expected that maintenance and repair contracts will be concluded with one or more service providers, covering a limited number of operations.

258. Between 2017 and 2019, the plan is to increase the coverage of the maintenance and repair scheme gradually, so that by the end of 2019, the majority of UNHCR vehicles will be included.

Report of the Board for the year ended 31 December 2013[13]

259. **In paragraph 45, the Board recommended that UNHCR evaluate the costs and benefits of basing the regional bureau in Amman to determine whether any lessons can be learned for existing or future operations.**

Department responsible:	Organizational Development and Management Service
Status:	Implemented
Priority:	Medium
Target date:	Not Applicable

260. UNHCR carried out a review of the costs and benefits of basing the Regional Refugee Coordinator and the Director of the Regional Bureau for the Middle East and North Africa in Amman, with the objective of improving the existing management and/or governance structure. Another aim of the review was to draw lessons for the future design of structures for managing large-scale and rapidly evolving emergencies. The outcome of the review was finalized in July 2016. UNHCR considers the recommendation to have been implemented.

261. **In paragraph 50, in view of the success of the initiative in the Syrian Arab Republic, the Board recommended that UNHCR explore the scope for wider use of online geographical information systems, such as ActivityInfo.**

Department responsible:	Division of Programme Support and Management
Status:	In progress

[13] A/69/5/Add.6, chap. II.

Priority:	Medium
Target date:	First quarter of 2017

262. ActivityInfo represents a relational database, storing information linked to locations. Its current architecture is geared towards quantitative data that can be linked to a map. In the case of the response to the Syrian refugee situation in Jordan, ActivityInfo has been used to manage information from various actors involved in the inter-agency refugee response, as well as performance and/or activity-related information. ActivityInfo usage in the Jordan office showed that it provided flexibility for reporting on project activities on a monthly basis. After having reviewed the benefits of its application by the office in Jordan, agencies involved in the coordinated refugee response in Iraq and Lebanon successfully implemented ActivityInfo in their respective operations. Furthermore, the introduction of ActivityInfo is under consideration in Egypt and Turkey in the context of the inter-agency response to the Syrian refugee situation.

263. The delay in implementing the recommendation is attributable to the fact that UNHCR decided to review, together with the United Nations Children's Fund (UNICEF) and the company that initially developed the tool, the potential to further advance and upgrade the database to have it (among others) as a readily available tool to support data and information management in the context of cluster (inter-agency) responses for internally displaced person situations.

264. During the review process in 2015, UNICEF, which pioneered the development and use of the ActivityInfo tool in the Democratic Republic of the Congo, found that the tool was insufficient to handle all its requirements and it was decided that the tool should be further enhanced in 2016. UNHCR will continue its collaboration with UNICEF on the endeavour and plans to complete its piloting by the end of the first quarter of 2017. Given those developments, the estimated timeline for the comprehensive review that includes the analysis of the pilot results is shifted to the end of the first quarter of 2017.

265. **In paragraph 56, the Board, given the major scale of the UNHCR Jordan cash programme and the plans to expand it to other countries, recommended that UNHCR commission an independent expert evaluation of the programme, with the aim of reporting before the end of 2014.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

266. UNHCR commissioned an independent evaluation of the organization's response to the influx of refugees in Jordan and Lebanon. The evaluation has been finalized and is now available on the Office's public website. Other studies conducted in this respect included an analysis by the Norwegian Refugee Council of cash-based distribution of non-food items in refugee camps in Jordan, Oxfam's report on the impact of cash distributions on Syrian refugee households in host

communities and informal settlements in Jordan, and the study by UNHCR on coping mechanisms among Syrian refugees in four countries in the region.

267. Although rich in information, the studies did not provide sufficient grounds or insights to substitute for an independent evaluation of the cash assistance programme in Jordan. The terms of reference for such an evaluation have been drafted and it is anticipated that the evaluation will be tendered and contracted shortly.

268. **In paragraph 86, the Board recommended that UNHCR issue central guidance to country teams on cost-effectiveness criteria in health services as an aid to decision-making and resource allocation in health programmes.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

269. UNHCR will develop guidance for country teams on cost-effectiveness criteria as recommended by the Board, using available international data and best practices. In the last quarter of 2015, after a review of the draft guidelines, it was concluded that a more detailed financial analysis of all health programmes was required to address the recommendation.

270. The analysis of the health expenditures was completed and the findings contributed to the finalization of an operational guidance note on public health and nutrition that will be incorporated as part of the revision to the programme manual of UNHCR.

Report of the Board for the year ended 31 December 2014[14]

271. **In paragraph 12, the Board recommended that UNHCR work with donors to improve the profiling of resources during the year to facilitate better forecasting, in order to minimize large year-end fluctuations and smooth procurement flows.**

Department responsible:	Division of External Relations
Status:	Implemented
Priority:	High
Target date:	Not applicable

272. The chart comparing the estimated funding projections for 2015 against the recorded contributions and the spending authority shows an improved consistency in the forecasting of contributions in relation to actual revenue recorded in the accounts and the spending authority granted to the heads of office, especially towards the second half of the year.

[14] A/70/5/Add.6, chap. II.

273. Predictability in funding does not necessarily imply that procurement and spending are spread evenly along the year, as there are other variables that influence the procurement and the implementation processes that are closely related to the operational planning and budget cycle. The standard time frame for programme and project activities, as well as the length of the procurement process, contribute to a concentration of the related expenses towards the second half of the year, independent of contribution forecasting. UNHCR managers follow a standard implementation cycle where, in many cases, procurement is initiated within the first half of the year, with goods and services received mostly during the second half of the year.

274. In other cases, contributions materialize during the second half of the year and therefore UNHCR has to adapt and implement in a compressed period of time, according to the timing of the inflows from contributions. Emergencies are also a very important contributor to the timing of procurement and project implementation. Notwithstanding the above constraints, the Office has a programme implementation ratio that is beyond 90 per cent. UNHCR considers the recommendation to have been implemented.

275. **In paragraph 18, the Board recommended that, as management implements the global fleet management strategy for the period 2014-2018, it ensure that it collects the most appropriate metrics and data to assess and demonstrate the realization of the planned benefits as early as possible.**

Department responsible:	Division of Emergency, Security and Supply
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

276. UNHCR has contracted for an independent assessment of the implementation of the global fleet management strategy. The assessment report confirmed that the project is on track and that, to date, the planned benefits have been realized. The study determined measures to assess the benefits of the global fleet management strategy, in terms of fleet size, average fleet age and procurement costs, where reductions have been achieved as a result of global fleet management. The Office will update the assessment of benefits on an annual basis, using the same metrics, and it has commissioned the same contractor to continue to monitor and analyse the results and benefits of the implementation of the global fleet management strategy. The findings of the study have formed the basis for the development of specific financial reporting criteria on the use of the global fleet.

277. **In paragraph 23, the Board recommended that UNHCR adopt data analytics to review compliance with key controls and build them into a systematic process to identify control exceptions or unusual transactions. Furthermore, management should seek to ensure the MSRP upgrade mandates the separation of duties and facilitates the reporting of exceptions.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

278. In the context of the MSRP upgrade project, UNHCR will implement two governance risk and compliance modules from Oracle, namely, Application Access Control Governor and Transaction Control Governor, which provide features enabling the performance of analytics to assist in reviewing compliance with key controls. The governance of risk and compliance also enables a systematic process to identify control exceptions or unusual transactions and facilitates the control over the separation of duties and the reporting of exceptions. The Office plans to implement Oracle governance risk and compliance in the fourth quarter of 2016 or the first quarter of 2017.

279. **In paragraph 25, the Board recommended that UNHCR enhance its internal verification processes to pay greater attention to developing risk-based verification plans; specifically consider the risk of fraud; and extend checks to ensure accountability for the use of assets acquired with project funds in prior years.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

280. UNHCR continues to strengthen partnership management through the enhanced framework for implementing with partners. The adoption of policies to improve the monitoring of reports by partners, as well as the risk-based verification of projects implemented by partners, is ongoing, and all operations will be required to fully and consistently apply those policies by the end of 2016. Project financial reports that show the authorized budget and/or spending levels, as well as the cumulative expenses and new expenses made by the partner, together with project performance reports, are routinely subject to risk-based verification by programme and project control staff.

281. Regarding the risk of fraud, UNHCR has identified a list of fraud risks that are most relevant to the organization, both in terms of direct implementation and implementation through partners, and the risks are being assessed against the current internal control framework to identify any gaps in the mitigation measures. The results derived from the exercise will be incorporated into relevant guidance to be issued as part of the enhanced framework for implementing with partners.

282. To strengthen the accountability exercised over the management of assets acquired with project funds, the Office has enhanced controls by introducing specific provisions in the standard project partnership agreement regarding the

handling of assets by a partner. Partners are required to establish and maintain records that allow for the tracking of all goods and property, secure UNHCR approval prior to disposal and provide periodic reporting on such assets. Partners are also required to conduct regular physical verification of property and facilitate periodic visits by UNHCR staff or persons duly authorized for the same purpose.

283. **In paragraph 31, the Board recommended that UNHCR establish a clear time frame to finalize the fraud risk assessments and mitigation plans for the most significant risks identified in the fraud prevention project. Furthermore, risk assessments should be used to inform the design of processes within the MSRP upgrade and of structured training for key staff in high-risk areas. The analysis should also be used to inform planning assessments carried out by OIOS and the Inspector-General.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

284. UNHCR is implementing a fraud prevention project, which has three major outputs: a corporate fraud risk register, including mitigation actions, that will be submitted to UNHCR senior management, during the third quarter of 2016, for endorsement; a basic e-learning programme on fraud and corruption, that will be rolled out across the organization during the last quarter of 2016; and a fraud prevention manual, that will be issued during the first half of 2017.

285. Actions have been taken to ensure that those risks identified through fraud risk assessments are being taken into account in the refinement of the conceptual design and implementation phases of the MSRP upgrade project. UNHCR routinely shares the findings emanating from risk assessments with OIOS and the Inspector-General's office for their further analysis.

286. **In paragraph 36, the Board recommended that the MSRP upgrade steering committee: (a) ensure that the key priorities are used to draw up a clear statement of benefits against which the success of the project can be measured; and (b) enhance the MSRP project risk process by regular review of the project risk register to consider the quality of mitigation measures and the time frame for addressing identified risks, and to ensure that the register is regularly refreshed.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

287. The established functional key priorities are being taken into account in the building and implementation of the solution for the MSRP upgrade project. The project is not limited to a technical upgrade but includes some functional enhancements and a redesign of selected business processes in order to maximize the benefit of the upgrade. The dashboard of the key priorities is monitored, discussed at project level meetings, at business owners committee and steering committee meetings and is updated monthly as the project advances.

288. Management-level risks and issues are analysed and closely monitored at the level of the business owners committee and the steering committee. The mitigation measures discussed and decisions made are documented and followed up at subsequent meetings, as needed. Project-level issues are closely monitored on a frequent basis, in order for immediate action to be taken, and are reflected in weekly and monthly workstream status reports, as well as in monthly project review meetings.

289. **In paragraph 45, the Board recommended that UNHCR further review its costs classifications and definitions, especially across functional types, such as executive and management grades at country and field office level, and the programme support functions based at headquarters and in capital cities.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

290. In March 2015, UNHCR reviewed the budgetary classification of positions, taking into consideration related functions, and reclassified several positions. In that exercise, for example, several positions related to representation were moved to the programme support classification. The changes have been reflected in UNHCR planning and budgeting systems, including Focus, where the methodology follows the principles of results-based management, such as allocation to results or activities.

291. UNHCR believes it has sufficiently reviewed and updated the post classifications, based on the relationship between activities and posts. However, in the context of ongoing discussions within the Finance and Budget Network and in response to the recommendations of the United Nations System Chief Executives Board for Coordination on the common definition of operating costs for the United Nations system, UNHCR is performing a further review during 2016 to determine the applicability of the common cost classification approach adopted by other United Nations entities.

292. **In paragraph 52, the Board recommended that: (a) funded overhead costs of international implementing partners included in partner agreements be reclassified as administrative costs in the disclosures in the financial statements; and (b) management review its scrutiny of administrative costs within the budgets of implementing partners to provide better evidence as to how UNHCR achieves value for money from those agreements.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

293. Part (a) of the recommendation has been assessed as implemented by the Board. In response to part (b) of the recommendation, UNHCR will continue to strengthen the process of reviewing partner expenses. Nevertheless, it should be noted that the Office already has procedures in place to review implementing partnership budgets in detail and to substantiate the amounts budgeted against the local costs specific to the particular project under review. Partner personnel costs, which constitute a substantial amount of the overall budget under partnership agreements, are thoroughly reviewed and variance analysis is carried out. Based on the outcome of the reviews, an improved organization-wide approach for determining personnel costs is being considered for adoption in 2017. It is also to be noted that UNHCR offices apply a revised internal policy, issued in 2014, for allocating a fixed percentage rate towards the project headquarters support cost for projects undertaken by international partners.

294. **In paragraph 55, the Board recommended that management further develop the annual programme review process to build in a consistent framework to demonstrate the efficiency challenges to programme budgets and to record and summarize the key efficiency outcomes.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

295. Currently, UNHCR has in place performance indicators to measure programme performance through several oversight mechanisms on budgetary and expenditure trends, such as those conducted in the annual programme review and the midyear review. Operational costs vary greatly from operation to operation, owing to many variables such as the operational life cycle, the location and the nature of the mandated activities. The Office currently assesses the variations before and during the annual programme review process. With the aim of better serving the financial review process, UNHCR is taking action to further strengthen its analysis capacity by designing and implementing an analysis framework in the context of the annual programme review to be conducted in 2016.

296. In addition, the working group established to review the resource allocation framework is also reviewing the annual programme review process in its entirety, with a view to improving its overall efficiency and making recommendations accordingly. The recommendations are expected to be issued during the third quarter of 2016 for consideration by senior management and the application thereof in 2017.

297. **In paragraph 59, the Board recommended that UNHCR, within the scrutiny process, build in an assessment to review country office variances to define metrics by which to assess country plans, including expenditure per refugee per programme; variance in budgetary requirements being unmet; and instances of underspend and overspend compared with outcomes achieved.**

Department responsible:	Division of Financial and Administrative Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

298. In response to the recommendation, UNHCR is preparing a standard procedure for the evaluation of budget submissions that will take into consideration the review of the existing metrics used for assessment. It is to be noted that the Office already has a process in place to review budget variances. A cost per capita analysis is performed when budget changes are requested in order to analyse the impact of such changes. UNHCR also reviews instances of overspend and underspend in relation to the outcomes achieved.

299. The recommendation is also being addressed as part of the recommendations made by the working group on the resource allocation framework revision, which will include requirements for a closer scrutiny of administrative costs.

300. **In paragraph 68, the Board recommended that UNHCR review the existing scrutiny process, as there is an opportunity to provide further challenge and document the cost-effectiveness of proposed interventions at the headquarters level. In doing so, UNHCR should review opportunities to include performance metrics that enable cost-effectiveness to be measured.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

301. UNHCR continues to improve in the area of cost-effectiveness. A working group is being established, with participation by relevant divisions, to review existing processes and guidance for the analysis of cost-effectiveness, both within field operations, at the time of developing projects and related budgetary requirements, and at headquarters, to support review processes. The working group will develop a guidance framework to assist operations in the review process, ensuring consistent analysis of cost-effectiveness across the organization.

302. **In paragraph 75, the Board recommended that UNHCR standardize performance indicators, for example, by the maturity of the country's circumstances in delivering education services. In doing so, UNHCR should work closely with country offices to rationalize the selection of indicators to use only those deemed essential rather than being "nice to know".**

Department responsible:	Division of International Protection
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

303. UNHCR will provide further specific guidance on the selection of indicators, not only to define a minimum level of indicators, but to provide guidance to field offices on which indicators are appropriate to their situation and to eventually establish a maximum number of indicators. Nevertheless, it should be mentioned that the Division of International Protection has already undertaken work to make recommendations to field operations on minimum indicators for education, child protection and activities for addressing sexual and gender-based violence activities as part of the integrated approach for those areas of protection.

304. Corporate efforts to improve on the quality of data relating to education are continuing. In 2016, two training workshops on education data management were organized, with the participation of UNHCR, governments, non-governmental organizations and United Nations counterparts, building on the first such workshop, held in 2015. The efforts are expected to result in gradual improvements in the quality of data through increased capacity and coordination among staff of the Office and of partners, as well as with government counterparts and United Nations sister entities. This is also in line with UNHCR strategic direction towards the integration of refugee children (and children in refugee-like situations) into national education systems. Having concise and reliable data, both quantitative and qualitative, is imperative for advancing the agenda.

305. **In paragraph 78, the Board recommended that, as part of the review of the global reporting framework, UNHCR include cluster themes as part of their reporting hierarchy.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

306. Currently, cluster themes are included in various reporting structures. For example, the results framework has an objective specifically covering "coordination and partnerships strengthened", with outputs relating to "coordination mechanisms established" and "joint assessment, planning and evaluation exercises held". UNHCR work within clusters is also reported through the global strategic priorities under the area "UNHCR makes effective use of and contributes to improving humanitarian coordination mechanisms". The annual reporting exercise also includes a specific requirement for the Office's operations to report on "partnerships — coordination and contributions", summarizing the main achievements and challenges in inter-agency coordination, including cluster leadership.

307. In addition to assuming the cluster leadership in many operations, UNHCR is also contributing to the overall programmatic response, which is primarily directed

towards interventions in the three cluster areas that UNHCR leads (protection, camp coordination and camp management, and shelter). The programmatic activities are planned for within the Office's results framework, similar to refugee operations, but they are distinct from them through a separate population planning group for internally displaced persons, which is budgeted under a specific pillar of the biennial programme budget.

308. **In paragraph 82, the Board supported the plans of UNHCR to use its Focus system to better link costs and outcomes in each of its business sectors. UNHCR needs to take a tougher, clearer stance on the importance of information on costs and service performance, particularly on linkages between enrolment in education, delivery and retention, and the impact of achieving good-quality education qualifications. Without such information, fully informed judgments on the value for money achieved, or the cost-effective targeting of assistance, are not possible.**

Department responsible:	Division of Programme Support and Management
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

309. While UNHCR operations carefully review the linkage between costs and outcomes, UNHCR recognizes that there is room for further emphasis on the importance of cost-effectiveness, as regards choosing the most effective combination of outputs to achieve maximum impact and ensuring that the identified outputs are executed in the most cost-efficient manner. Those aspects will be included in the deliberations of the working group referred to above, in response to the recommendation in paragraph 68 of the report of the Board for the year ended 2014, and reflected in the guidance framework to be developed by the group.

310. **In paragraph 83, the Board recommended that UNHCR headquarters issue central guidance to country teams on cost-effectiveness criteria in education services as an aid to decision-making and resource allocation in education programmes.**

Department responsible:	Division of International Protection
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

311. As mentioned above, in response to the recommendation in paragraph 68, a working group will be set up to develop a guidance framework that can assist operations to undertake consistent analysis of cost-effectiveness across different sectors.

312. **In paragraph 89, the Board recommended that, to be able to assess overall impact, UNHCR work towards collecting accurate data on retention and**

integration within national systems and define key performance metrics for all country offices.

Department responsible:	Division of International Protection
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2017

313. Using existing systems and tools, and based on lessons learned from the field to date, UNHCR is currently working on improving data management in education, including on school retention and on integration within national systems. Several field missions have been carried out to assess gaps in how data are collected and analysed. Sessions on data management have been included in workshops organized by the Education Unit of the Division of International Protection. Guidance on measuring the extent to which education is integrated into national systems has been developed and will be systematically disseminated to all country offices, including a checklist on key benchmarks for measuring the progress on integration.

314. **In paragraph 93, the Board recommended that UNHCR include human resources matters in the agenda at senior management meetings, thereby giving them visibility in terms of gender composition, recruitment times for ongoing and completed cases and skills gaps. The UNHCR senior management team should review comparable workforce data to determine its optimal use of resources.**

Department responsible:	Division of Human Resources Management
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

315. UNHCR has started to include human resources matters on the agenda at senior management meetings on a more regular basis. Key comparable workforce data of interest to the organization, prepared by the Workforce Analysis and Business Intelligence Unit of the Division of Human Resources Management and informed by consultations between the business owners and the Division of Human Resources Management are submitted to the senior management committee for periodic review.

316. Overall, the Division of Human Resources Management has undertaken several initiatives and put in place new tools and processes to improve senior management visibility over human resources matters, as necessary, as part of decision-making. Specific resources have been dedicated to work on the implementation of the recommendations resulting from the review of the affiliated workforce and a consultant will work on the implementation of the report on gender equity, diversity and inclusion.

317. **In paragraph 100, the Board recommended that UNHCR identify the staff mix and capabilities that are required in the future, in order to plan for where**

the organization will be in the medium and long term, and what its staffing needs will be. The human resources strategy should go some way towards supporting that aim. In addition, the Workforce Analysis and Business Intelligence Unit should build up its understanding of the optimal composition of the workforce and the capabilities needed, in order to create a medium- and long-term staffing plan.

Department responsible:	Division of Human Resources Management
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

318. UNHCR is committed to significantly reducing the risk of misalignment of its workforce through different complementary initiatives. The people strategy, issued in January 2016, foresees the establishment of appropriate systems and intelligence for analysing trends that may affect demand for the number, location and skills of staff. A strategic human resources unit, under the authority of the Deputy Director and in charge of transformative human resources, will institutionalize workforce planning consultations with the divisions, the bureaux and the Executive Office on a rolling basis. In addition, the Workforce Analysis and Business Intelligence Unit of the Division of Human Resources Management will strengthen its analytical capacity to better anticipate future staffing needs.

319. A first application of workforce planning occurred in the areas of (a) succession planning; and (b) identifying the candidates for the certification programme for representatives. Furthermore, a specific output has been defined, under the people strategy for 2016-2021, to create and maintain a single data source for all human resources workforce management reports and analysis. The process began in the first quarter of 2016 and is ongoing. It involves a real-time user interface available to UNHCR managers, with graphical presentations of key human resources trends, to enable informed decisions to be made at a glance (regarding leadership and/or retirement, recruitment, demographics and/or diversity, skills mix, etc.).

320. **In paragraphs 113 and 114, the Board noted that UNHCR has an objective to consider how best to streamline the process, once the system upgrade has been completed in 2016. It added that there are a range of options that could support the objective, and recommended that management consider: (a) limiting the number of posts staff can apply for, which should help reduce the delays in sifting applications; (b) establishing a roster system so that posts can be classified against generic job profiles, as far as possible aligning capabilities to posts and thereby reducing the volume of applications and the need for suitable candidates to go through the entire recruitment process; (c) setting targets for the number of staff between assignments or beyond their assignment lengths; and (d) whether certain core or technical specialized functions are exempt from the mobility model, depending upon operational need. That should then free up time for the human resources team to start thinking in a more strategic way about the needs of the business.**

Department responsible:	Division of Human Resources Management
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

321. UNHCR remains focused on developing better mechanisms to sift through applications and will look into all possible options to render the process more agile and timely. The MSRP system upgrade that is being implemented will allow for reducing or eliminating parts of the screening process that at present require human intervention. A quicker screening response will also be made possible as a result of talent acquisition through enhanced profile-based recruitment, the acquisition of an applicant tracking system for faster and more efficient management of the influx of applications and the introduction of technology to facilitate testing and interviewing of candidates through online channels. UNHCR will look into establishing indicators relating to the number of staff in between assignments or beyond their assignment lengths, to be used in measuring the overall performance of the talent management and mobility processes.

VI. United Nations Population Fund

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2015[15]

322. The status of implementation of the main recommendations as at August 2016 is summarized in table 13.

Table 13
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Management Information Services Branch	2	–	1	1	1	–
Programme Division	2	–	–	2	2	–
Division for Management Services and Office of the Executive Director	1	–	–	1	1	–
Total	**5**	**–**	**1**	**4**	**4**	**–**
Percentage	**100**	**–**	**20**	**80**		**–**

323. The status of implementation of all recommendations as at August 2016 is summarized in table 14.

[15] A/71/5/Add.8, chapter II.

Table 14
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Management Information Services Branch	6	–	2	4	4	–
Programme Division	4	–	–	4	4	–
Division for Management Services	3	–	–	3	3	–
Division for Management Services and Office of the Executive Director	3	–	–	3	3	–
Division for Human Resources	2	–	–	2	2	–
Technical Division	2	–	–	2	2	–
Management Information Services Branch and Programme Division	3	–	–	3	3	–
Procurement Services Branch	1	–	–	1	1	–
Total	**24**	**–**	**2**	**22**	**22**	**–**
Percentage	**100**	**–**	**8**	**92**		**–**

324. **In paragraph 18, the Board recommended that the United Nations Population Fund (UNFPA): (a) develop global risk mitigation strategies that cover all its operations; and (b) ensure that the country offices identify clearly the additional risks and response strategies that are specific to them and document them in the system.**

Departments responsible: Division for Management Services and Office of the Executive Director

Status: In progress

Priority: High

Target date: Second quarter of 2017

325. The UNFPA enterprise risk management framework was established by the Executive Director in June 2015 to ensure that a comprehensive and effective enterprise risk management strategy is maintained by the organization. The strategy and framework build on the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission for a successful risk management process and best practices throughout the United Nations. They aim to create a focused, harmonized and sustainable risk management culture at UNFPA that is affected by way of a transparent computerized risk register, an established Risk Committee and risk treatment working groups, with the active participation of all stakeholders. UNFPA identified 12 corporate risk areas (11 strategic areas plus fraud) for the initial round of assessment. The first organizational risk assessment was completed by over 80 per cent of the organization.

326. On the basis of the feedback received from throughout the organization, the corporate risk register has been expanded for the second cycle, commencing in July

2016, to allow for additional risks and controls at the level of business units. The register includes a comprehensive control library that will evolve over time. Under the current cycle, business units will be required to provide specific action plans.

327. **In paragraph 21, the Board recommended that UNFPA ensure that country offices: (a) document the risk-assessment process and establish a comprehensive risk-assessment plan for strategic and fraud risks to enable the establishment of long-term methodologies, criteria and risk matrices, and a time frame for addressing the established risk; and (b) continue training staff on risk assessment, identification and mitigation to increase awareness and understanding of the risks affecting UNFPA.**

Departments responsible:	Division for Management Services and Office of the Executive Director
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

328. Members of the UNFPA Executive Committee have been identified as risk owners, leading the assessment and response to major risks, thus strengthening accountability and improving governance, risk management and internal controls. The risk owners constitute the Risk Committee, which is chaired by the Executive Director. Each risk owner heads a risk treatment working group that consists of a representative body of subject matter experts from throughout the organization, with the roles, responsibilities, knowledge and expertise necessary to contribute to developing and realizing appropriate strategies to respond to existing identified and emerging risks in their respective areas.

329. The 2016 risk assessment cycle has been expanded to include the rationale/justification for the risk rating and a broad, high-level action plan to mitigate risk rated as "high" and "critical". A comprehensive training programme is being organized to train business units that will include the conceptual definitions of risk, and a detailed guidance note on how to assess risk on the basis of probability and impact.

330. **In paragraph 25, the Board recommended that UNFPA: (a) ensure that the country offices prepare risk matrices and define the criteria used for ranking of identified risks; (b) review the definition of "low risk" for consistency in risk ranking, which will be used in all business units; and (c) modify the strategic information system to include a facility for ranking additional strategic risks identified by the country office and assigning focal points for them.**

Departments responsible:	Division for Management Services and Office of the Executive Director
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

331. The myRisks application of the UNFPA strategic information system has been upgraded to incorporate all three elements of the foregoing recommendation for the cycle commencing from July 2016. Extensive user's training has been scheduled to ensure compliance throughout the organization. A guidance note to provide clear definitions of low, medium, high and critical risk ratings has been developed and a new risk rating of "not applicable" has been introduced.

332. **In paragraph 31, the Board recommended that UNFPA: (a) ensure that the correct budget information is updated in the global programming system and that reconciliation of budget information is made between the amounts to be sent to commitment control and the workplan amounts for such activities; and (b) consider introducing new features into the system to include non-financial information on the progress reports of implementing partners.**

Department responsible:	Programme Division
Status:	In progress
Priority:	High
Target date:	Second quarter of 2017

333. UNFPA has recently introduced a function in the global programming system to alert users to instances when the workplan amounts differ from the amounts being sent to commitment control. Additional analysis of the workplans will be conducted to provide support to the users on an ongoing basis in order to identify all undesired discrepancies. The global programming system phase II functionality will include non-financial information of implementing partners' progress reports.

334. **In paragraph 35, the Board recommended that UNFPA: (a) continue with its initiatives to improve the capacity of implementing partners such that workplan progress reports reflect the achievement of results at a particular period of time and clearly assess the progress made towards planned targets; and (b) conduct quality assurance upon receipt of the progress reports and address any weaknesses noted.**

Department responsible:	Programme Division
Status:	In progress
Priority:	High
Target date:	Second quarter of 2017

335. The updated guidance to the country offices on the monitoring of implementing partners will specify additional requirements to improve the quality of the reporting by the partners. The quality of reporting will also improve with the implementation of the revised process for selecting implementing partners. Furthermore, implementing partners will also receive global programming system-related training throughout 2017. Phase II functionality will include the formal acceptance by UNFPA programme personnel of all quarterly progress reports.

336. **In paragraph 40, the Board recommended that UNFPA introduce a requirement in the guidance note for country offices to document the whole**

process of determining support cost rates with implementing partners, including the criteria or basis applied when negotiating support cost rates.

Department responsible:	Programme Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

337. The guidance note for determining support cost rates will be updated and improved to include mandatory documentation of the process leading to the agreement on those rates with implementing partners.

338. **In paragraph 45, the Board recommended that UNFPA: (a) use the Atlas-generated purchase order as the primary contracting tool for the purchase of goods and for encumbering funds before delivery of goods and services to minimize the risk of misstating commitments and to ensure compliance with the procurement procedures and internal control framework; and (b) ensure that the Procurement Services Branch monitors the country offices to ensure that they comply with procurement rules and regulations.**

Department responsible:	Procurement Services Branch
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

339. The UNFPA Procurement Services Branch plans to implement this recommendation at two levels: (a) to emphasize the requirement to create purchase orders in Atlas before the delivery of goods and services in order to make possible the timely encumbering of funds and commitments; and (b) to monitor compliance and provide support to country offices in improving processes. In addition, the Procurement Services Branch will undertake spot checks of the procurement-to-payment cycle twice a year.

340. **In paragraph 51, the Board recommended that UNFPA: (a) consider improving the quality of indicators to express the qualitative targets to be achieved and clearly define the outputs based on results to be achieved for smooth quarterly monitoring and reporting; and (b) develop quality assurance guidance and mechanisms to ensure that milestones can be clearly measured during the monitoring and reporting phase, and that they are designed to track the achievement of indicator targets.**

Department responsible:	Programme Division
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

341. The guidelines for the preparation of annual results plans using the myResults application of the strategic information system will be improved to include additional examples and quality assurance criteria in order to guide business units more effectively in the formulation of outputs, indicators and quarterly milestones. Quality assurance guidelines for planning, monitoring and reporting of results will be developed and integrated into the overall guidelines of myResults in order to provide all business units with the criteria necessary to assess and ensure the quality of results, plans and reports.

342. **In paragraph 56, the Board recommended that UNFPA: (a) take corrective action on the apparent instances of the wrong data entry in order to improve the accuracy and reliability of reports on annual leave produced by the system; and (b) continue cleaning up the data in the system so that the reports produced do not contain leave balances of separated staff.**

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

343. UNFPA, with the support of UNDP, will take corrective action with regard to the inaccurate data entries and will continue cleaning up the data periodically, as required.

344. **In paragraph 59, the Board recommended that UNFPA: (a) carry out a human resources needs assessment and review the existing service contracts so as to reduce their use for UNFPA core functions; and (b) monitor the recruitment process of service contract holders to ensure that they are recruited for non-core functions that are mandated by the UNDP service contract handbook adopted by UNFPA.**

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

345. UNFPA will continue to undertake country office realignments, taking into consideration the human resources needs, with the aim to regularize core functions and, where appropriate, to reduce reliance on service contracts. Moreover, human resources strategic partners in the regional offices are monitoring the recruitment of service contract holders by reviewing their terms of reference to ensure that they are recruited for non-core functions, as mandated by the UNDP service contract handbook.

346. **In paragraph 64, the Board recommended that UNFPA: (a) speed up the updating of the inventory policy and procedures manual for consistency and uniformity of contents and directives in the new inventory system; and**

(b) ensure that, in future, for any changes to the system, policy has to be updated in line with the adoption of the new system.

Department responsible:	Technical Division
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

347. UNFPA has constituted an interdivisional working group on inventory management, with representatives from the Commodity Security Branch, the Finance Branch, the Humanitarian and Fragile Contexts Branch, the Legal Unit, the Management Information Services Branch, the Programme Division, the Procurement Services Branch and all regional offices. The working group is updating the inventory policy by aligning it with the new inventory system and focusing on streamlining and extending the scope of major downstream process activities. The interdivisional working group and change advisory board will collectively ensure that policies are updated before the adoption of any new system.

348. **In paragraph 68, the Board recommended that UNFPA: (a) clearly include in the manual the roles, responsibilities and scope of the oversight bodies and other personnel involved in the inventory management process; and (b) design a standard job description for the role of inventory focal point, including the competence requirements.**

Department responsible:	Technical Division
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2017

349. The interdivisional working group on inventory management is defining the roles, responsibilities and accountabilities of all stakeholders involved in the entire inventory management process. This activity also includes the development of the job description for the role of inventory focal point.

350. **In paragraph 74, the Board recommended that UNFPA: (a) align the inventory valuation policies and guidelines so as to maintain consistency in determining the cost of inventory; (b) perform a comparison between cost and net replacement cost for all inventories; and (c) establish a mechanism that captures current replacement costs of all inventories to improve inventory valuation during stocktaking and the closure of accounts.**

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

351. UNFPA performed a high-level comparison between the carrying amount and the estimated current replacement cost for inventory balances older than six months for 2015 and noted a very insignificant difference. In addition, UNFPA will undertake a comprehensive revision of the inventory management policy, which will include updating the sections on the measurement of inventory cost.

352. **In paragraph 78, the Board recommended that UNFPA: (a) incorporate the cost projections on the use of the reserve for field accommodation fund into its integrated budget for the period 2018-2021; and (b) review the threshold amount of the reserve for field accommodation with regard to the changing environment.**

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

353. UNFPA will examine the feasibility of establishing a sound mechanism to estimate future costs within the Development Operations Coordination Office and Resident Coordinators' offices. Subsequently, UNFPA will be in a better position to assess the total requirements that include not only UNFPA but also shared premises in the United Nations system's field locations so as to address this recommendation on a consistent basis among the participating organizations.

354. **In paragraph 83, the Board recommended that UNFPA: (a) disclose the aggregate amount of research and development for the items of an intangible asset nature, which were recognized as an expense during the reporting period; (b) set up an additional asset profile for software developed internally; (c) create separate account codes to record costs, accumulated amortization and amortization expenses for externally acquired software and software developed internally; and (d) develop a tool or mechanism to track the cost of internally generated software.**

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

355. UNFPA is taking the actions necessary to implement parts (b), (c) and (d) of the recommendation. With regard to part (a), additional discussions will be held with the Board of Auditors to ensure that there is accurate disclosure in accordance with the requirements of the International Public Sector Accounting Standards.

356. **In paragraph 88, the Board recommended that UNFPA: (a) conduct an information security risk assessment and review its information and communications technology (ICT) policies annually; (b) develop and implement an information classification policy; and (c) adopt internationally accepted**

standards in managing information security for controls that will have a significant impact on the organization.

Departments responsible:	Management Information Services Branch and Programme Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

357. Information security risk assessment will be conducted as part of the corporate risk management project (myRisks). The UNFPA Management Information Services Branch reviewed and updated the ICT policies and procedures manual, specifically following the suggestion made by the Board of Auditors to include control tables illustrating approvers, when the policy was approved, descriptions of significant changes and timelines for reviews. The UNFPA information classification policy is currently being defined as part of the corporate project on records management called "iDocs". The Management Information Services Branch will select for adoption information security controls that will have a greater impact on the organization.

358. **In paragraph 94, the Board recommended that UNFPA: (a) develop and implement a project management guideline which defines the basis for adopting the PRINCE2 or Agile methodology for the ICT project management process; (b) develop and implement ICT project prioritization criteria to be used by the ICT Board in decision-making; and (c) establish a mechanism to capture the costs of internally developed software.**

Department responsible:	Management Information Services Branch
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

359. UNFPA has already developed the draft guidelines for project management, project prioritization criteria and project costing methodology. The ICT Board is reviewing the draft versions for finalization and implementation.

360. **In paragraph 98, the Board recommended that UNFPA: (a) develop, document, test and implement a comprehensive ICT disaster recovery plan that takes into consideration all critical business systems and their dependencies; and (b) review and test the disaster recovery plan regularly and document the reviews and tests conducted.**

Department responsible:	Management Information Services Branch
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

361. The UNFPA disaster recovery site was moved to Copenhagen in the middle of 2015. The Management Information Services Branch will develop a new information technology disaster recovery plan, taking into consideration new opportunities in cloud hosting, and will test the method for validity.

362. **In paragraph 103, the Board recommended that UNFPA: (a) strengthen access roles in the global programming system by establishing and implementing global programming system roles in Atlas, which grant access to users based on their functions and duties; and (b) review the list of users with access rights in the global programming system and modify the global programming system application to accommodate the segregation of duties, especially with regard to the creation of workplans and sending budgets to commitment control, to ensure that they are performed by different persons.**

Departments responsible:	Management Information Services Branch and Programme Division
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

363. UNFPA is revising and strengthening all global programming system roles to further implement those changes in Atlas.

364. **In paragraph 108, the Board recommended that UNFPA: (a) establish a change advisory board with clear responsibilities and members drawn from both the technical and business perspectives; and (b) develop and implement a change management guideline which defines the basis for the adoption of the Information Technology Infrastructure Library change management processes in the information technology environment.**

Department responsible:	Management Information Services Branch
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

365. UNFPA is strengthening the change management process for the non-enterprise resource planning applications. In this regard, the Management Information Services Branch has revised the terms of reference of the Change Advisory Board and has developed and implemented the change management guidelines.

366. **In paragraph 114, the Board recommended that UNFPA establish and implement guidelines for the software development life cycle and include all necessary controls at each stage of the process to ensure that applications are developed in accordance with design specifications, development and documentation standards, quality assurance requirements and approval standards.**

Department responsible:	Management Information Services Branch
Status:	Implemented
Priority:	High
Target date:	Not applicable

367. The Management Information Services Branch has completed the guidelines for the software development life cycle and posted them on its microsite. The guidelines are ready for review by the Board of Auditors.

368. **In paragraph 119, the Board recommended that UNFPA: (a) align the risks identified with their respective ICT strategic objectives to provide assurance that risks for all objectives have been well assessed; (b) establish a mechanism to track and report on the implementation of mitigating controls for ICT-related risks; (c) conduct specific ICT risk assessments and document them as additional risks in the risk assessment module; and (d) describe the methodologies used by the management information system branch to identify, analyse and assess the ICT risks documented in the ICT strategic plan risk assessment for the period 2014-2017.**

Department responsible:	Management Information Services Branch
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2017

369. The tasks of identifying, tracking and reporting risks (including the assessment and implementation of mitigating controls) will be carried out using the corporate risk framework. ICT-specific risk assessments will also be undertaken using the additional risk option in the revised enterprise risk management framework. The Management Information Services Branch will document the methodologies used during the ICT strategic plan risk assessment for the period 2014-2017.

370. **In paragraph 123, the Board recommended that UNFPA include in all its contractual arrangements the need and frequency of International Standard on Assurance Engagements reviews, which will give reasonable assurance to UNFPA on the controls and operating effectiveness of the external service organizations.**

Department responsible:	Management Information Services Branch
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

371. The requirement for suppliers to provide annual internal control attestation reports, prepared by independent auditors on the basis of recognized standards to give UNFPA reasonable assurance about the adequacy of the design and operating

effectiveness of the controls in place over the services provided to it, has now been incorporated in the ICT outsourcing management policy and in the UNFPA special conditions of contract.

372. **In paragraph 127, the Board recommended that UNFPA clearly define the roles matrix and ensure that segregation of duties is adhered to in granting access to the application.**

Departments responsible:	Management Information Services Branch and Programme Division
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

373. The roles matrix will be revised to ensure that the principle of segregation of duties is observed. The related guidelines will also be revised to ensure that segregated roles are enforced.

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

374. In annex I to its report for the year ended 31 December 2015 (A/71/5/Add.8, chap. II), the Board provided a summary of the status of implementation of recommendations from previous financial periods. The overall situation as at August 2016 regarding the six recommendations from the last year assessed as "under implementation" by the Board is summarized in table 15.

Table 15
Status of implementation of recommendations from prior periods considered not fully implemented in annex I to the report of the Board of Auditors for the year ended 31 December 2015

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division for Human Resources	2	–	–	2	2	–
Division for Human Resources and Programme Division	1	–	–	1	1	–
Division for Management Services	1	–	–	1	1	–
Programme Division	1	–	–	1	1	–
Technical Division	1			1	1	–
Total	**6**	**–**	**–**	**6**	**6**	**–**

Report of the Board for the year ended 31 December 2014[16]

375. **In paragraph 23, the Board recommended that UNFPA: (a) update the guidelines for decentralized offices to clearly define and outline the different arrangements for decentralized offices for establishing and managing operations; (b) continue to develop comprehensive business cases and seek retroactive approval for the remaining decentralized offices; and (c) incorporate the organization chart of decentralized offices and its reporting lines into the organization structure of country offices.**

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	High
Target date:	Third quarter of 2016

376. UNFPA is in the final stages of updating the existing guidelines for decentralized offices to clearly define and outline the different types of decentralized arrangements, including their linkages with the organizational structure of country offices.

377. **In paragraph 28, the Board recommended that UNFPA: (a) ensure that monitoring and assessment visits are undertaken for effective evaluation of the implementation of activities at decentralized offices; (b) define the role of the focal points for decentralized offices and provide clear guidance on what support and oversight the focal points should provide; and (c) establish performance targets and set systematic monitoring and assessment criteria for the focal points to ensure that they deliver according to the UNFPA mandate.**

Department responsible:	Division for Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

378. UNFPA will further define the support and oversight role of the focal points for decentralized offices in the updated guidelines for decentralized offices. The performance targets and the monitoring and assessment criteria for individuals (including focal points) are managed through the corporate performance appraisal and development application; for UNFPA business units, the targets and criteria are managed through the corporate strategic information system.

379. **In paragraph 39, the Board recommended that UNFPA: (a) strengthen its monitoring procedures for implementing partners to ensure adequate performance of programme implementation activities; and (b) prepare monitoring plans that can be achieved within the time frame.**

[16] A/70/5/Add.8, chap. II.

Department responsible:	Programme Division
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

380. The global programming system phase II functionality, expected to be launched in the fourth quarter of 2016, will include progress reports on implementing partners' workplans. Payments to implementing partners will be subject to proper and timely reporting on implementation progress and results. Phase II functionality will also require timely submission of the funding authorization and certificate of expenditure forms, which is a prerequisite for making any payments to implementing partners.

381. **In paragraph 55, the Board recommended that UNFPA continue to develop a global comprehensive database for maintaining, recording and periodically updating key information on consultant and service contracts to improve control, monitoring and reporting on special service agreements and service contracts at field offices.**

Departments responsible:	Division for Human Resources and Programme Division
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

382. UNFPA already has a global database in place for service contracts, which will be updated on a regular basis. UNFPA has developed a database that will make it possible to maintain, record and update individual consultant contracts, which have replaced the special service agreements, thereby enabling global monitoring. This new tool is currently being piloted in the UNFPA Latin America and the Caribbean region and will be rolled out globally after the piloting phase is concluded.

383. **In paragraph 60, the Board recommended that UNFPA: (a) establish a robust supply chain mechanism to ensure that there is effective delivery and distribution of procured inventories to the intended beneficiaries by field offices; and (b) develop tools that will enable country offices to monitor the timeliness and effectiveness of inventory distribution, including regular tracking of key metrics, such as percentage of execution of distribution plans and inventory levels held at service delivery points.**

Department responsible:	Technical Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

384. UNFPA is continuously working on improving its systems to facilitate efficient inventory management. As part of these efforts, UNFPA has already launched an integrated inventory tracking system called "Shipment Tracker" (replacing the Channel System). It will enable the tracking of commodities throughout the full procurement-to-pay cycle, starting from requisition and ending with ultimate distribution to UNFPA implementing partners/beneficiaries, all within a single enterprise resource planning system. Moreover, it will provide users and management with live information on the status of commodities at any point in time and will make possible the development of analytical and diagnostic tools that provide management with such critical metrics as, for example, the volume of goods available for distribution and aged inventory balances. This data will enable management to take timely actions to address identified weaknesses, such as long delivery times or bottlenecks within the in-country logistics chain. With the proper use of both supply monitoring tools, the newly released Shipment Tracker software and the revised Order Management system, UNFPA will be able to monitor, by country offices, a shipment from the vendor to arrival at the port of entry to handover to the recipient agency. The UNFPA inter-divisional working group is working on the feasibility of monitoring down to the service delivery point.

385. **In paragraph 63, UNFPA agreed with the recommendation of the Board that it: (a) speed up the investigation on the unusual credit balances in the individual salary advance accounts; and (b) consider instituting an automated system to control staff advances at field and head offices.**

Department responsible:	Division for Management Services
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

386. UNFPA has prepared a detailed action plan with a targeted completion date of December 2017 and has already made good progress. As a result, the amount of credit balances under salary advance accounts has been reduced from $333,000 in 2014 to $131,000 in 2015 (a reduction of 61 per cent). The overall review and clearance are moving in accordance with the action plan. Moreover, as planned, UNFPA has implemented part (b) of the recommendation by developing and launching an e-service salary advance application that promotes more effective advance authorization workflow and timely recovery.

VII. United Nations Office for Project Services

A. Implementation of the recommendations contained in the report of the Board of Auditors for the financial period ended 31 December 2015[17]

387. Tables 16 and 17 summarize the status of implementation of recommendations as at August 2016.

[17] A/71/5/Add.11, chap. II.

Table 16
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Communications and Partnerships Group	1	–	–	1	1	–
Executive Office	2	–	–	2	2	–
Risk and Quality Group	5	–	–	5	5	–
Total	**8**	–	–	**8**	**8**	–
Percentage	**100**	–	–	**100**		–

Table 17
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Business Innovation and Improvement Programme	4	–	–	4	4	–
Communications and Partnerships Group	1	–	–	1	1	–
Executive Office	2	–	–	2	2	–
Finance Group	3	–	1	2	2	–
Infrastructure and Project Management Group	1	–	–	1	1	–
Risk and Quality Group	7	–	–	7	7	–
Total	**18**	–	**1**	**17**	**17**	–
Percentage	**100**	–	**6**	**94**		

388. **In paragraph 15, the Board recommended that the United Nations Office for Project Services (UNOPS) reassess the approved minimum level of operational reserves in order to take into account actuarial gains and losses previously incurred and the inclusion of property, plant and equipment.**

389. **In paragraph 16, the Board further recommended that UNOPS consider how the reserve surplus might be utilized in the context of a strategic review of UNOPS operational resourcing needs.**

Department responsible: Executive Office

Status: In progress

Priority: High

Target date: Third quarter of 2017

390. The current operational reserve balance includes $14.2 million in actuarial gains, which are earmarked as a reserve for any future actuarial losses, and another

$4.5 million related to unwinding the transitional provisions of IPSAS 17: Property, Plant and Equipment. With the aim of utilizing a portion of the remaining balance, a concept note on the funding of investment projects, which will further enhance the capacity of UNOPS to implement projects on behalf of its partners, has been approved. UNOPS is currently in the process of identifying such strategic projects and their funding requirements.

391. **In paragraph 24, the Board recommended that UNOPS review the adjustments it currently makes for the purposes of producing IPSAS-compliant statements and consider which, if any, it should conduct more regularly so as to further enhance the financial information provided to management during the year to inform decisions.**

Department responsible:	Finance Group
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

392. UNOPS has already reviewed the adjustments it makes for the preparation of IPSAS-compliant financial statements and has confirmed that they are being conducted on a sufficiently regular basis. The reports that feed into the preparation of IPSAS-based financial statements are readily available and are being used in reports provided to management for making informed decisions. UNOPS considers this recommendation to have been fully implemented.

393. **In paragraph 32, the Board recommended that, if adopted, the new governance, risk and compliance framework be used to support the development of a statement on internal control to bring together the structure of the processes and the assurances that underpin them.**

394. **In paragraph 33, the Board further recommended that UNOPS consider the implementation plan for the new framework, ensuring that it is sufficiently detailed, clear and realistic, incorporating sufficient training and communication plans, and has clear accountabilities and clear linkage to other UNOPS initiatives.**

Department responsible:	Risk and Quality Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2017

395. The governance, risk and compliance framework is a cross-cutting approach, where the framework is used to ensure that UNOPS has an organizational set-up that addresses all focus areas. There will be an annual statement on the status and effectiveness of the governance, risk and compliance approach. The same conceptual approach is being followed with regard to internal control. As a result, there will be an annual statement on the status and effectiveness of the internal control approach under the governance, risk and compliance reporting.

396. The Board's comments on the ambitious timeline for the roll-out of the framework are duly noted. Regarding the risk component, the focus for 2016 is on the introduction of a revised opportunity and engagement acceptance process, to be followed by the quarterly assurance. The timeline for the launch of the revised opportunity and engagement acceptance process was adjusted from 1 July to 15 August 2016, while the quarterly assurance for new engagement only will be launched on 1 October 2016. The regional and corporate risk assessments, as part of the enterprise risk management framework, are envisioned to take place during the last quarter of 2016, followed by the annual risk review in February 2017. It is important to note that the roll-out will be ongoing throughout 2016 and 2017.

397. The Risk and Quality Group has conducted consultation sessions with senior management, the major users, selected country offices and headquarters for the development of the risk and quality framework and, specifically, the revision of the opportunity and engagement acceptance process and quarterly assurance. Learning materials, including WebEx and guidance manuals, will be available for the launch. The Risk and Quality Group has also been linking its training in the opportunity and engagement acceptance process and quarterly assurance with the ongoing training in the business innovation and improvement programme during the second half of 2016.

398. **In paragraph 38, the Board recommended that UNOPS ensure that the certification of projects in line with the manuals is incorporated within oneUNOPS workplans, to reinforce compliance.**

Department responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

399. The workflow definition for the certification of projects is in progress for incorporation in oneUNOPS, the enterprise resource planning system of UNOPS.

400. **In paragraph 44, the Board recommended that on receipt of the system controls and configuration report, UNOPS evaluate the recommendations made by the external consultant to consider whether it provides sufficient assurance and, in the event of any weaknesses, undertake a review to determine whether any such weaknesses have been exploited.**

Department responsible:	Business Innovation and Improvement Programme
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2016

401. Although the final risk assessment report has not yet been issued, a draft is currently under review and the business innovation and improvement programme team has been holding discussions with the external consultant to ensure that

sufficient mitigation measures are in place for all identified issues. The final report is expected in the next few weeks.

402. **In paragraph 48, the Board reiterated its previous recommendation that UNOPS obtain viable benchmark cost data to inform a review of the benefits arising from process improvements.**

403. **In paragraph 49, the Board recommended that future significant investments be subject to, in advance, a more robust analysis in terms of process benefits and cost savings to better inform the evaluation of a project's success and to inform future implementation.**

Department responsible:	Business Innovation and Improvement Programme
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

404. An external consultant was engaged to draft a preliminary benefits realization report. Although the report only measured perceived benefits on the basis of interviews, it also provided information on the reduced ICT costs, better or more efficient project delivery, better operational risk management and better process efficiency.

405. **In paragraph 52, the Board recommended that a suite of key business reports and other critical reporting functions be agreed upon with users, to ensure that the benefits of oneUNOPS are being fully realized.**

Department responsible:	Business Innovation and Improvement Programme
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

406. A suite of business reports was included in the go-live of oneUNOPS on 1 January 2016 which reflected reporting needs that existed until then. A comprehensive review of enhanced reporting needs, taking into account the full spectrum of information now available in oneUNOPS, is being undertaken as part of the needs/requirements collection from all practice areas.

407. **In paragraph 58, the Board recommended that UNOPS use the functionality of the oneUNOPS system to enable analysis of the value of its order book and to forecast future delivery and the management fee it will earn.**

Department responsible:	Finance Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

408. The development of system specifications for establishing the value of the order book is ongoing and resources have been allocated to implement the recommendation by the end of 2016.

409. **In paragraph 63, the Board recommended that UNOPS strengthen its engagement acceptance and risk management processes so that they are sufficiently robust to support the assessment of new or novel lines of business.**

Department responsible:	Risk and Quality Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

410. The revised opportunity and engagement acceptance process driven by the Risk and Quality Group merges the earlier business development phase with the engagement process to ensure more timely and more relevant reviews by specialists, capturing the business development phase as well as the engagement phase. In addition, the revised process is aligned and merged with the quarterly engagement review process to ensure continuous up-to-date assessments of all ongoing engagements. The oneUNOPS platform creates an interface that makes all this technically possible. The oneUNOPS system will also make possible the complete integration of the delegation of authority levels and the ability to sign, mitigating the adverse practice of signing outside one's delegation of authority mandate.

411. **In paragraph 68, the Board recommended that UNOPS build on recent progress by becoming more structured in its approach to business development strategy across its network of offices, through training and knowledge-sharing and by applying tools and templates developed at headquarters.**

Department responsible:	Communication and Partnership Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

412. UNOPS has issued a guidance note defining responsibilities for business development throughout the organization. In addition, a business development network has been established to provide coordination, training and information throughout the organization. The renewal of all outreach plans has also been completed. Furthermore, a strategy has been defined for each donor. A system for upgrading market intelligence has been completed and major donor profiles have been updated. Discussions with major partners have been elevated to a strategic level. Business development training for the Infrastructure and Project Management Group has been completed. A comprehensive business development retreat is scheduled for September 2016.

413. **In paragraph 80, to improve coordination with the United Nations system, the Board recommended that UNOPS revise its engagement acceptance**

processes to include identifying where there is value in involving other United Nations partners with a substantive mandate.

Department responsible:	Risk and Quality Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

414. Refer to the comments of UNOPS management above relating to the recommendation contained in paragraph 63 of the Board's report for the year ended 31 December 2015.

415. **In paragraph 84, the Board recommended that UNOPS: (a) use the introduction of oneUNOPS as an opportunity to enforce offices' recording of leads earlier in their development; and (b) consider further steps to ensure adequate review time by the specialist reviewers.**

Department responsible:	Risk and Quality Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

416. Refer to the comments of UNOPS management above relating to the recommendation contained in paragraph 63 of the Board's report for the year ended 31 December 2015.

417. **In paragraph 88, the Board recommended that the proposed new risk and quality framework be used to involve the Engagement Acceptance Committee at the earliest stage in high-risk engagements and that the new framework be used to strengthen engagement acceptance processes and guard against non-compliance. The Committee's terms of reference should be reconsidered to ensure greater formality with respect to approval processes for higher-risk projects.**

Department responsible:	Risk and Quality Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

418. The revision of the opportunity and engagement acceptance process will include a revision of the criteria used by the Engagement Acceptance Committee. Emphasis will be placed on the need to raise high risks at earlier stages in the development, where possible, including triggers to be built into the oneUNOPS system to identify when high risks should be escalated. The revised approach aims to facilitate business development efforts so that new opportunities and

engagements can be pursued in accordance with the UNOPS mandate and strategy. The Committee's process will be formalized as a component of the larger risk and quality framework, while further efforts will be undertaken so as to ensure that the process is better understood and transparent.

419. **In paragraph 90, the Board recommended that, as part of its efforts to strengthen engagement acceptance processes, UNOPS take steps to prevent the practice of signing agreements without engagement authority, for example, by amending the oneUNOPS system to prevent non-compliance.**

Department responsible:	Risk and Quality Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

420. Refer to the comments of UNOPS management above relating to the recommendation contained in paragraph 63 of the Board's report for the year ended 31 December 2015.

421. **In paragraph 95, the Board recommended that UNOPS: (a) conduct a comprehensive review of the pricing policy to consider how best to take risk into account in ways that are consistent, transparent and evidence-based; and (b) develop a policy for the use of accumulated financial surpluses arising from "risk increments" received but not ultimately required.**

Department responsible:	Finance Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

422. UNOPS acknowledges the recommendation and is working towards addressing all points, as follows:

(a) The development of a redesigned engagement acceptance process with detailed risk assessment is almost complete, where the pricing policy and, most notably, the risk increment calculation will be aligned with this systematic and evidence-based risk assessment;

(b) UNOPS has issued a revised policy on the management of its internal investment fund ("investment fund concept note") that will channel the surplus arising from unutilized risk increment charges to this fund. Furthermore, UNOPS is working on procedures to utilize a portion of its surplus in the operational reserve in support of the 2030 Agenda for Sustainable Development. This approach will include the use of resources to access private funds for development projects and the contribution to early stages of social impact investing initiatives.

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

423. In the annex to its report for the financial period ended 31 December 2015 (A/71/5/Add.11, chap. II), the Board provided a summary of the status of implementation of recommendations for previous financial periods. Information is provided below on the 19 recommendations listed as outstanding from prior periods, 18 of which were shown as "under implementation" and 1 as "not implemented". Table 18 summarizes the overall situation as at August 2016.

Table 18
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the financial period ended 31 December 2015

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Business Innovation and Improvement Programme	2	–	1	1	1	–
Executive Office and Finance Group	1	–	1	–	–	–
Finance Group	1	–	–	1	1	–
Infrastructure and Project Management Group	3	–	–	3	3	–
People and Change Practice Group	8	–	2	6	6	–
Risk and Quality Group	4	–	1	3	3	–
Total	**19**	**–**	**5**	**14**	**14**	**–**

Report of the Board of Auditors for the biennium ended 31 December 2011[18]

424. In paragraph 48, the Board reiterated its previous recommendation that UNOPS: (a) draw lessons from its existing projects and consider measures to enable it to close projects in time; and (b) address the backlog of projects that need closure.

Department responsible: Infrastructure and Project Management Group

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2016

[18] A/67/5/Add.10, chap II.

Report of the Board of Auditors for the year ended 31 December 2012[19]

425. **In paragraph 31, the Board recommended that UNOPS establish a separate reserve account for after-service benefits in order to increase the visibility of funding provided for end-of-service liabilities.**

Department responsible:	Finance Group
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

426. UNOPS, in its interim and its final financial statements for 2016, will report on its post-employment benefits reserve separately.

427. **In paragraph 44, UNOPS agreed with the Board's recommendation that it: (a) appoint a fraud risk owner, or senior risk officer, at a suitably senior level, to be accountable for the active management of fraud risks throughout UNOPS activities; (b) perform a comprehensive organization-wide fraud risk assessment to identify the major types of fraud risk that UNOPS faces; and (c) define UNOPS tolerance to various types of fraud risk and ensure that fraud controls are commensurate with that risk appetite.**

Department responsible:	Risk and Quality Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

428. UNOPS has already appointed a senior risk officer. Organization-wide fraud risk assessment will be undertaken in the last quarter of 2016. The UNOPS tolerance level for the various types of fraud risk is defined by the governance, risk and compliance framework. For progress achieved in this regard, refer to the earlier comments of UNOPS management above relating to the recommendation contained in paragraph 63 of the Board's report for the year ended 31 December 2015.

429. **In paragraph 67, UNOPS agreed with the Board's recommendation that it examine the extent of changes to agreements and the causes of delays in the completion of projects throughout its infrastructure portfolio.**

Department responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	Third quarter of 2016

[19] A/68/5/Add.10, chap II.

430. A quantitative analysis is currently in progress and is scheduled to be completed in the third quarter of 2016.

431. **In paragraph 82, UNOPS agreed with the Board's recommendation that it develop a mechanism to generate better information on the post-completion performance of buildings.**

Department responsible:	Infrastructure and Project Management Group
Status:	In progress
Priority:	High
Target date:	Third quarter of 2017

432. UNOPS is currently awaiting feedback from the users of the monitoring and evaluation toolkit and it will be included in the revised design planning manual in the second quarter of 2017.

Report of the Board of Auditors for the year ended 31 December 2013[20]

433. **In paragraph 34, the Board recommended that practical steps be taken to implement enterprise risk management strategies, policies and procedures across the entity without further delay. Specifically UNOPS should: (a) identify, document and assess key risks to achieving strategic objectives; (b) regularly update and monitor risk information that can be aggregated at the entity level; (c) document risk tolerances so that they are understood and applied throughout the organization; (d) use risk registers to record the likelihood of a risk materializing, the impact of the risk, the proposed mitigating actions and the assessed level of risk post-mitigation; and (e) assign risk owners to take responsibility for monitoring and controlling each risk.**

Department responsible:	Risk and Quality Group
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

434. The revised opportunity and engagement acceptance process, together with the revised quarterly assurance review process, constitute the backbone of the UNOPS integrated enterprise risk management. The opportunity and engagement acceptance process was implemented in oneUNOPS as at 30 June 2016 and will become operationally effective in the third quarter of 2016. The first risk-based portfolio review will take place in the fourth quarter of 2016 on the basis of data available from the third quarter.

435. **In paragraph 75, the Board recommended that the UNOPS Internal Audit and Investigations Group, in setting its work programme for 2015, and on the basis of the results of the fraud risk assessment undertaken in 2014, consider**

[20] A/69/5/Add.11 and Corr.1, chap II.

carrying out specific audit work to examine controls covering the risk of fraud in procurement.

Department responsible:	Risk and Quality Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

436. The organization-wide fraud risk assessment is scheduled to be undertaken in the second half of 2016. Upon completion of the assessment, the Internal Audit and Investigations Group will undertake specific audit work to examine controls covering the risk of fraud in procurement. The timing of the assessment is aligned with revision of the internal control and risk framework, and thus the delay in undertaking the assessment.

Report of the Board of Auditors for the year ended 31 December 2014[21]

437. In paragraph 26, the Board recommended that UNOPS review the basis of its directly attributable support costs and management fees to ensure consistency, equity and transparency in the light of the principles of the new pricing model. In particular: (a) ensure that reporting on the mine action projects reflects the scale of directly attributable support costs currently embedded in programme costs in addition to management fees charged; and (b) review recovery rates on individual contractor agreements managed for partners to ensure that charge rates are equitable across partners and better reflect the actual costs incurred.

Department responsible:	Executive Office/Finance Group
Status:	Implemented
Priority:	High
Target date:	Not applicable

438. The discussion with the United Nations Controller on how to report the centrally managed direct costs has been concluded and a new regime has been implemented.

439. The UNOPS cost recovery model differentiates between direct project cost (costing), which involves all costs incurred for implementing a project, and indirect cost (pricing), which represents the fees collected to cover UNOPS core functions, such as strategic leadership, representation, policy-setting and United Nations governance, and thus is not linked to the transactions within a project. The fees are calculated as a percentage of the direct cost of providing the services agreed upon with the partners.

440. In paragraph 36, the Board recommended that UNOPS reconfirm the level of expected savings arising from the implementation of enterprise

[21] A/70/5/Add.11, chap II.

resource planning and seek to obtain viable benchmark cost data to inform a review of the realized process cost benefits.

Department responsible:	Business Innovation and Improvement Programme
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

441. Refer to the comments of UNOPS management above relating to the recommendations contained in paragraphs 48 and 49 of the Board's report for the year ended 31 December 2015.

442. **In paragraph 39, the Board recommended that UNOPS further explore opportunities to improve business process efficiency by standardizing work practices and processes, delegations of authority and alignment of access rights to improvements in the internal control framework and based on the needs of the business.**

Department responsible:	Business Innovation and Improvement Programme
Status:	Implemented
Priority:	High
Target date:	Not applicable

443. Details of the improvements and some of the process-related changes implemented were provided to the Board. It should also be noted that UNOPS has adopted a process of ongoing improvement in consultation with its stakeholders in order to seek opportunities for increased process efficiency. The process of improvement will therefore be ongoing.

444. **In paragraph 58, the Board recommended that UNOPS: (a) obtain feedback from practice groups on the performance of the People and Change Practice Group as a business partner; (b) manage and monitor the benefits of recent organizational reforms, including the Global Shared Service Centre; and (c) develop a measure covering the cost-efficiency of the human resources function, such as the human resources staff to workforce ratio.**

Department responsible:	People and Change Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

445. With the exception of the conduct of benefit monitoring for the Global Shared Service Centre, which will be completed by the end of 2016, the other parts of the recommendation have been implemented.

446. In paragraph 62, the Board recommended that the People and Change Practice Group, working with the other practice groups, collect and assess information on the knowledge and experience of its workforce to inform future skills and workforce planning.

Department responsible:	People and Change Practice Group
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

447. UNOPS identifies gaps in the skills of its existing workforce through the performance assessment mechanism and through the establishment of talent management pools of experts in different business critical roles. UNOPS devotes resources to train its workforce in order to reduce the skills gap and has developed robust selection and management processes to identify, place and rotate talents and form talent benches for the different business critical roles.

448. In paragraph 67, the Board recommended that UNOPS: (a) develop clear business-led criteria for assessing requests from personnel to change engagement terms from staff to an individual contractor agreement; and (b) monitor the impact of this policy on the workforce.

Department responsible:	People and Change Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

449. UNOPS reviews such requests in line with its interests and will continue to monitor the impact of this particular policy on the workforce.

450. In paragraph 70, the Board recommended that UNOPS monitor turnover rates as a result of resignations, to inform its workforce planning.

Department responsible:	People and Change Practice Group
Status:	Implemented
Priority:	Medium
Target date:	Not applicable

451. UNOPS has reviewed the turnover caused by early resignations and separations in 2015, as acknowledged by the Board in its report for the year ended 31 December 2015. UNOPS will continue to monitor and analyse turnover rates.

452. In paragraph 75, the Board recommended that UNOPS: (a) fully test future business case assumptions to ensure that they are supported by evidence and adequately reviewed; (b) closely monitor the impact of changes to terms for

local individual contractors to ensure that the expected benefits are realized in practice; and (c) implement measures to address the very high turnover levels among international individual contractors, subject to a careful analysis of the causes of turnover and characteristics of such positions.

Department responsible:	People and Change Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

453. The first two parts of the recommendation have already been addressed by UNOPS, as acknowledged by the Board in its report for the year ended 31 December 2015. For particular categories of international individual contractors, UNOPS has established talent benches, which, among other things, are expected to reduce turnover rates. For example, current project managers on international individual contractor agreements may qualify to be included in the talent bench and would therefore be able to opt for available positions. This possibility has a positive impact on career progression and job security. Regarding the introduction of further measures, UNOPS will consider whether the turnover levels among international individual contractors as a whole need to be reduced and, if so, during the coming year, it will consider introducing additional measures if they are found to be cost-efficient.

454. **In paragraph 81, the Board recommended that UNOPS implement a system for reliable reporting and analysis of recruitment processing times, covering the period from when a vacancy first occurs through to the post being filled.**

Department responsible:	People and Change Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

455. UNOPS is currently collecting relevant data and reports will be available by the end of 2016.

456. **In paragraph 88, the Board recommended that UNOPS evaluate the impact of its recent additional investment in training, including whether the type and distribution of training provided is addressing the gaps between current workforce skills and future business needs.**

Department responsible:	People and Change Practice Group
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

457. During 2016, funding for learning programmes was assigned on the basis of key business priorities indicated by the different groups, as gaps needed to be covered in terms of skills in order to respond to current and future business needs. During the first two quarters of 2016, data was collected regarding, among other things, the participation of target audiences, geographical distribution, role and gender distribution and the evaluation of quality. In addition, a careful follow-up is in progress to ensure that funding is used to support the prioritized programmes. By the end of 2016, UNOPS will conduct the analysis of impact on the basis of data collected from the learning programmes conducted during the year. Finally, UNOPS has developed a new competency framework which will be rolled out during the second half of 2016. This framework will allow UNOPS to further align future learning with corporate strategy.

458. **In paragraph 101, the Board recommended that UNOPS review the merit award scheme to ensure that it is consistently aligned with the achievement of its objective of a break-even.**

Department responsible:	People and Change Practice Group
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

459. Taking into consideration the Board's comment, UNOPS will review the recognition policy to ensure and reconfirm alignment between the programme and organizational goals in the coming year. The review may not necessarily provide all required data to determine whether break-even takes place in monetary terms given the intangible benefits expected from the implementation of this policy.

460. **In paragraph 106, the Board recommended that UNOPS establish clear deliverables to monitor the progress made in implementing the new enterprise risk management plan in accordance with the agreed timetable, seeking to prioritize key elements such as the identification of top-level strategic risks and mitigations.**

Department responsible:	Risk and Quality Group
Status:	Implemented
Priority:	High
Target date:	Not applicable

461. A complete implementation plan has been developed and endorsed by the Executive Office of UNOPS as at April 2016. The revised policies and concept notes were endorsed in June 2016.

VIII. United Nations Entity for Gender Equality and the Empowerment of Women

A. Implementation of the recommendations contained in the report of the Board of Auditors for the year ended 31 December 2015[22]

462. Table 19 summarizes the status of implementation of the main recommendations as at August 2016.

Table 19
Status of implementation of main recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Management and Administration and Programme Division	2	–	–	2	2	–
Division of Management and Administration	1	–	–	1	1	–
Total	**3**	**–**	**–**	**3**	**3**	**–**
Percentage	**100**	**–**	**–**	**100**		**–**

463. The status of implementation of all recommendations as at August 2016 is summarized in table 20.

Table 20
Status of implementation of all recommendations

Department responsible	*Number of recommendations*	*Not accepted*	*Implemented or closure requested*	*In progress*	*Target date set*	*No target date*
Division of Management and Administration	6	–	–	6	6	–
Division of Management and Administration and Programme Division	4	–	–	4	4	–
Independent Evaluation Office and Programme Division	1	–	–	1	1	–
Office of Human Resources	3	–	–	3	3	–
Programme Division	3	–	–	3	3	–
Total	**17**	**–**	**–**	**17**	**17**	**–**
Percentage	**100**	**–**	**–**	**100**		**–**

[22] A/71/5/Add.12, chap. II.

464. In paragraph 13, the Board recommended that the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women): (a) enhance clarity on the due diligence process for writing off unrecoverable advances; (b) ensure that project managers prioritize long-outstanding advances as a financial risk area; and (c) enhance training for staff and implementing partners on understanding the terms and conditions of signed project cooperation agreements, the use of funding authorization and certificate of expenditure forms, and the policy on cash advances and other transfers to partners.

Departments responsible:	Division of Management and Administration and Programme Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

465. The level of old outstanding advances has significantly improved from $18.4 million in 2014 to $5.2 million in 2015. UN-Women has taken corrective actions, as acknowledged by the Board, such as staff training in person and via webinar (virtual) as well as in-person training of implementing partners, and the amendment of the policy on cash advances and transfers to partners to include due diligence on liquidation of unrecoverable advances. In addition, UN-Women has enhanced monitoring of partner advances through the monthly closure instruction to all offices and sections, and the requirement for regional offices to review the actions completed by offices under their purview. The accountability for long-outstanding advances was assigned to regional directors in 2015 and the status of old outstanding advances is reported to senior management on a monthly basis. A cross-Entity working group was also established in 2016 to review further remedial actions for this long-outstanding issue.

466. In paragraph 18, the Board recommended that UN-Women ensure that: (a) field-based evaluation plans are prepared in a realistic manner so that cancellations or postponements in crisis situations are minimized or avoided; (b) it finds a way to address the challenge of sourcing qualified national consultants so that an adequate number of planned field-based evaluations are carried out; and (c) the approved evaluation plans of country offices are fully implemented.

Departments responsible:	Independent Evaluation Office and Programme Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

467. Evaluations were cancelled or postponed and, in a few cases, delayed primarily owing to difficulties in sourcing qualified national consultants, insufficient funding, ambitious planning and crisis situations. UN-Women has

strengthened evaluation staff capacity through the enhanced decentralization of the evaluation function. The number of dedicated monitoring and evaluation officers throughout UN-Women offices increased from 29 per cent in 2014 to 42 per cent in 2015. All the remaining offices appointed monitoring and evaluation focal persons. The Board also acknowledged that UN-Women had achieved 43 per cent of its 2015 planned targets for evaluation.

468. **In paragraph 22, the Board recommended that UN-Women strengthen asset management controls in the field by: (a) continuing training in the management of assets to address the deficiencies identified; (b) provide central oversight reviews on a monthly basis of asset management reports to ensure that serial numbers are correctly entered; and (c) investigate why Atlas module software controls could not prevent the occurrence of duplicate serial numbers within the same business unit.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

469. UN-Women has significantly reduced the number of assets without serial numbers by centrally reviewing the asset register on a monthly basis at headquarters and following up with all country offices by e-mail to update serial numbers in the Atlas asset register. UN-Women is continuing to work with the country offices to ensure that all assets are updated accordingly. The Board also acknowledged that UN-Women headquarters has strengthened asset management controls and provided various training sessions on asset management.

470. **In paragraph 26, UN-Women agreed with the recommendation of the Board that it revisit and review the current programme and operations manual to reflect the changes in the practical application of the useful life policy for leasehold improvements.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

471. UN-Women notes that its leases are mostly drawn up with a first option right to be extended, where applicable. Therefore, a default life of five years has been set as the useful life for all leasehold improvements in the asset module, because this set-up ensures that any improvements incurred in the first year of lease agreement (signed for one year) are capitalized and not expensed. Moreover, the five-year default useful life is only adjusted where UN-Women is sure of renewing the agreement beyond five years or where the lease term is confirmed to be less than five years. UN-Women is in the process of enhancing the language of the pertinent portions of the programme and operations manual to further clarify the application of the changes in the policy for leasehold improvements.

472. In paragraph 31, UN-Women agreed with the recommendation of the Board that it improve the capacity assessment procedures for engaging implementing partners by obtaining, reviewing and retaining the relevant documents (in accordance with the assessment criteria) so as to avoid the possibility of engaging implementing partners with inadequate capacity.

Department responsible:	Programme Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

473. UN-Women will strengthen compliance with the policy requirements since the existing programme and operations manual mandates the assessment of technical and financial capacity for engaging non-governmental organization partners and it is a requirement to document the selection process and assessment of partners' capacities. Moreover, UN-Women has undertaken a substantive revision of the manual to further strengthen and streamline the capacity assessment of partners, including Governments.

474. In paragraph 36, the Board recommended that UN-Women expedite the revision of the programme and operations manual and the related business process review, so that the inconsistencies and the ambiguous language in annex D to the manual (programme and project formulation) are addressed and cleared up in a timely manner.

Department responsible:	Programme Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

475. The UN-Women practice is that where a strategic note has been prepared with quality assured through review by the Headquarters Peer Review Group, and approved by senior management, there is no need to prepare and seek approval for subsidiary programme documents where those are consistent with the strategic note. Nonetheless, UN-Women will ensure that the inconsistencies and ambiguities prevailing in the programme and operations manual are addressed and clarified during the upcoming revision of the manual and the related business process review.

476. In paragraph 41, the Board recommended that UN-Women ensure that country offices strengthen their internal controls over all funds advanced to implementing partners to ensure that the funds are utilized exclusively for UN-Women projects.

Department responsible:	Programme Division
Status:	In progress

Priority: Medium

Target date: Fourth quarter of 2016

477. UN-Women country offices work closely with implementing partners to ensure that funds are utilized exclusively for UN-Women projects. The supervisory controls effectively in place for country offices to monitor the amounts advanced include ensuring that cash advanced to partners is used in line with agreements and approved workplans as part of the review of the reporting and other assurance activities. The issue noted by the Board is an isolated case within the specific country office and it is due to the effectiveness of existing controls over the supervision and monitoring of activities of implementing partners that UN-Women was able to detect the misapplication of the project funds and to immediately recover them from the implementing partner.

478. **In paragraph 45, the Board recommended that UN-Women: (a) financially close all operationally closed projects within 12 months of the month in which they are operationally completed or terminated; and (b) ensure that the appropriate staff resources are available and an automation tool is developed so as to expedite the financial closure of projects.**

Departments responsible: Division of Management and Administration and Programme Division

Status: In progress

Priority: High

Target date: First quarter of 2017

479. UN-Women has initiated various measures to address the issue, such as: a month-end closure instruction requirement for all its business units to review the status of project closure in Atlas; the provision of extensive training to field offices by headquarters; the introduction of a new dashboard tool that reports live and the provision of detailed data on project closure for all users. Furthermore, the recent UN-Women 2016 business process review found that the staff resources provided for financial project closure needed to be increased and an automation tool to ease the process needed to be developed. The Board acknowledged the efforts of UN-Women and found no evidence of unrelated expenditure being charged to operationally closed projects.

480. **In paragraph 50, the Board recommended that UN-Women improve the quality of the data maintained in Atlas regarding the status of projects.**

Departments responsible: Division of Management and Administration and Programme Division

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2016

481. The comments of UN-Women are reflected in paragraph 48 of the Board's report for the year ended 31 December 2015.

482. **In paragraph 56, the Board recommended that UN-Women further improve its integrated budget and enhance its results-based budgeting in line with the harmonization requirements of UNDP, UNFPA and UNICEF.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Third quarter of 2017

483. UN-Women remains committed to improve its results-based budgeting presentation during the formulation of its integrated budget for the biennium 2018-2019. UN-Women presently follows the integrated budget and the Integrated Results and Resources Framework that is a format harmonized with UNDP, UNFPA and UNICEF for the formulation of its integrated budgets. This format remains consistent with the presentation of the integrated budget for the biennium 2014-2015 and complements the UN-Women strategic plan, 2014-2017. For the formulation of the integrated budget for the biennium 2018-2019, it will be possible to leverage information available from the new results management system subject to the requirements of harmonization with the other funds and programmes (UNDP, UNFPA and UNICEF).

484. **In paragraph 60, the Board recommended that UN-Women: (a) ensure that clear instructions on the preparation of annual workplans are sent to the field offices; and (b) expedite the initiation of an improved project planning and budgeting process, which will facilitate effective utilization of the annual allocated funds for better project execution.**

Departments responsible:	Division of Management and Administration and Programme Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

485. UN-Women management has taken initiatives to improve the capacity to formulate and manage its programme and projects. The initiatives include training programme staff in programme and project management in 2016, training staff in the results management system for the 2017 strategic note and annual workplan process, and initiating the improved project planning and budgeting process. It is expected that such initiatives will improve the capacity of project managers to facilitate effective utilization of the allocated funds and ultimately increase implementation of the earmarked projects. Where budget revisions are required, a process will be outlined with a requirement for clear justification and approvals.

486. In paragraph 64, UN-Women agreed with the recommendation of the Board that it ensure that the field offices use proper staffing modalities and that holders of service contracts do not perform core functions.

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

487. UN-Women consistently enforces controls through periodic reviews to ensure that the contracts issued are only being used for functions that are supposed to be carried out under service contracts. The delegation of authority to manage service contracts rests with the respective representatives in the field offices, who confirm that their offices are taking measures to ensure that service contracts are used in accordance with the guidelines. For the case noted in the Mozambique country office, the post of operations manager has been established under a fixed-term appointment and will be filled through the ongoing rotation exercise.

488. In paragraph 68, UN-Women agreed with the recommendation of the Board that it comply with the policy regarding the timely performance of reviews and ensure that performance planning, midyear reviews and final reviews for fixed-term appointments in all field offices are carried out in compliance with the requirements of the programme and operations manual.

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

489. Compliance rates for the completion of performance appraisals are regularly monitored and managers and staff are strongly advised and encouraged to ensure their timely completion. In addition, for the 2015 workplan cycle, the performance management and development template incorporates a request from both the staff member and supervisor to confirm whether there are any outstanding performance management and development files from earlier years.

490. In paragraph 73, the Board recommended that UN-Women set up a mechanism which enables timely submissions of leave requests by staff members and subsequent approval by supervisors.

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

491. UN-Women has strengthened the leave management system over the last few years. The method of tracking leave requests has been transitioned from manual processes to an integrated online process that is now part of Atlas e-services. UN-Women has instructed its leave focal points to advise their units and managers to submit and approve leave requests before the payroll freeze cycles.

492. **In paragraph 78, UN-Women agreed with the Board's recommendation that: (a) the ICT Board conduct meetings on a periodic basis, as stipulated in its terms of reference, to provide direction and decisions on ICT investments and the use of ICT resources across the organization; (b) review the membership of the ICT Board to ensure that senior management from all or at least the major business process owners throughout the organization are represented; and (c) review and evaluate the function and performance of the ICT Board regularly so as to ensure its effectiveness and facilitate improvement.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

493. On the basis of the experiences of the organizational management and reporting system project and in order to strengthen ICT governance within UN-Women, an initiative was launched in 2016 to identify areas of improvement, with the aim to leverage the current decision-making structures of UN-Women in order to encompass the full scope of the corporate ICT strategy and annual work programme. The Board acknowledged the management efforts of UN-Women, such as the development of a revised draft ICT governance policy and the drafting of updates to the terms of reference of the ICT Board.

494. **In paragraph 82, UN-Women agreed with the recommendation of the Board that it: (a) develop an awareness training programme on information security, based on a needs assessment; and (b) conduct mandatory awareness training in information security for all staff to ensure that they understand various information security risks.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	High
Target date:	Fourth quarter of 2016

495. UN-Women has an information security programme in place and has provided guidance to personnel through information circulars and training. In January 2016, UN-Women requested the United Nations International Computing Centre to provide assistance in creating an information security awareness training course which will be available by the fourth quarter of 2016.

496. **In paragraph 87, the Board recommended that UN-Women: (a) ensure that the ICT strategy developed for 2016 contains elements that include a**

timetable for achieving the expected outcomes, success metrics and a description of how major risks will be managed or mitigated during the implementation of the strategy; and (b) review the ICT strategic road map on a periodic basis.

Department responsible: Division of Management and Administration

Status: In progress

Priority: Medium

Target date: Fourth quarter of 2016

497. UN-Women is finalizing its ICT strategy for the period 2016-2019, which will be aligned with the strategic road map. In addition, UN-Women is reviewing its ICT governance structure and, in this process, the ICT Board will oversee the strategic road map. UN-Women would like to highlight that in the period 2013-2015, the strategic road map was updated continuously to indicate completion of initiatives. While UN-Women recognizes the importance of including the strategic plan elements, it believes these elements are addressed in the ICT road map and will be further detailed as the Entity continues with the development of the ICT strategy for 2016 onwards.

B. Implementation of the recommendations contained in the reports of the Board of Auditors for prior financial periods

498. In the annex to its report for the year ended 31 December 2015 (A/71/5/Add.12, chap. II), the Board provided a summary of the status of implementation of recommendations for previous financial periods. The overall situation as at August 2016 regarding the 12 recommendations assessed as "under implementation" by the Board is summarized in table 21.

Table 21
Status of implementation of recommendations from prior periods considered not fully implemented in the annex to the report of the Board of Auditors for the year ended 31 December 2015

Department responsible	*Number of recommendations*	*Not implemented*	*Implemented or closure requested*	*Reiterated*	*In progress*	*Target date set*	*No target date*
Division of Management and Administration	6	–	–	–	6	6	–
Division of Management and Administration and Programme Division	2	–	–	–	2	2	–
Office of Human Resources	1	–	–	–	1	1	–
Programme Division	2	–	–	–	2	2	–
Strategic Partnership Division	1	–	–	–	1	1	–
Total	**12**	–	–	–	**12**	**12**	–

Report of the Board for the year ended 31 December 2012[23]

499. In paragraph 70, UN-Women agreed with the recommendation of the Board that it: (a) ensure that the positions held by service contract holders are filled on a timely basis by personnel on staff contracts; (b) assess the current status of staffing at all levels and the impact on the performance of programmes, and find a means of creating a database of prospective applicants who can be recruited to fill vacant posts in a timely manner; and (c) institute a follow-up process for officers returning from official travel so that they submit travel claim forms within the specified time.

Department responsible:	Office of Human Resources
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

500. Regarding part (a) of the recommendation, UN-Women notes that the service contract is a valid contract modality and there is no plan to replace existing service contracts with staff contracts. UN-Women consistently enforces controls through periodic reviews to ensure that contracts issued are only being used for functions that are supposed to be carried out under service contracts. The human resources guidelines limit the use of the service contracts exclusively to the field offices. Accordingly, the delegation of authority to manage service contracts rests with the respective UN-Women representatives in the field offices. The Office of Human Resources has implemented a control mechanism to confirm adherence to the guidelines by all field offices. Parts (b) and (c) of the recommendation have been assessed by the Board to have been implemented.

Report of the Board for the year ended 31 December 2013[24]

501. In paragraph 16, UN-Women agreed with the recommendation of the Board that it strengthen its resources mobilization activities by expanding and diversifying its resource base by: (a) strengthening and expanding partnerships with bilateral and multilateral donors; (b) developing regionally based fundraising expertise; and (c) approaching socially responsible private sector entities, women's groups and individuals.

Department responsible:	Strategic Partnership Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

502. The creation of UN-Women came at a time when persistent economic and financial crises adversely affected the ability of many developed economies and the

[23] A/68/5/Add.13, chap. II.
[24] A/69/5/Add.12, chap. II.

willingness of their general public to contribute to development assistance. While UN-Women has enjoyed great political support for its work and mandate, this support has not been fully translated into financial contributions by all donor countries. Nevertheless, contributions and the number of countries contributing has increased, but not at the expected rate. The operating environment has also become more competitive, generating a growing number of players and competing priorities for official development assistance funds and a rising trend of earmarking official development assistance funds rather than providing core funds. Global economic growth has remained uneven, with periods of stagnation, low economic growth and economic decline in some countries as well as the strengthening of the United States dollar against most currencies. UN-Women was particularly hit by exchange rate losses in 2015 and as a result, its total revenue declined by 5 per cent last year. Had it not been for those exchange losses, UN-Women would have experienced some modest growth because of the rise in non-core revenue.

503. **In paragraph 61, UN-Women agreed with the recommendation of the Board that it continuously monitor and perform financial closure of all operationally closed projects within 12 months of operational closure, as required by its financial regulations and rules.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

504. UN-Women has initiated various measures to address the issue, such as the month-end closure instruction requirement for all its business units to review the status of project closure in Atlas; the provision of extensive training to field offices by headquarters; and the introduction of a new dashboard tool that reports live, ageing and detailed data on project closure for all users. Furthermore, the 2016 business process review found that the staff resources provided for financial project closure needed to be increased and the development of an automation tool to ease the process needed to be developed. A cross-Entity working group has been established in 2016 to review further remedial actions for this long-outstanding issue.

505. **In paragraph 72, UN-Women agreed with the recommendation of the Board that it provide adequate support to the field offices in order to enhance staff capacities in procurement procedures, including the management of contracting individual consultants and contractors in line with the existing guidelines, and monitor their compliance.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Second quarter of 2017

506. UN-Women has developed guidelines for the implementation of the individual contract for services modality that was to replace the special services agreement modality under the management of the Office of Human Resources. However, in order to align the management of consultants with the recent developments and in light of the ongoing review of categories of staff by the International Civil Service Commission and the report of the Joint Inspection Unit on use of non-staff personnel and related contractual modalities in the United Nations system organizations (A/70/685), UN-Women has delayed the finalization of the guidelines in order to ensure that they address the recent developments and United Nations system-wide recommendations.

Report of the Board for the year ended 31 December 2014[25]

507. In paragraph 15, UN-Women agreed with the recommendation of the Board that it ensure that: (a) all relevant data are available at the time of the preparation of the annual workplan; and (b) all field offices establish baselines and targets for all expected outputs, outcomes and indicators in the annual workplan, as required by the programme and operations manual.

Department responsible:	Programme Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

508. UN-Women continues to ensure that annual workplans have complete baselines and targets for all indicators. In some cases, however, given the technical nature of indicators, it is necessary to first undertake surveys and/or research to serve as a basis for setting the baselines, and eventually, the targets. Hence, it is possible that for such indicators, the baselines and targets may not be available at the time of review and approval of the workplans. Nevertheless, such cases are more the exception than the general practice. In other cases, setting targets may require a consensus among major stakeholders and often the time frame for doing so may not align exactly with that of the annual workplan process. It is expected that by the end of 2017, all strategic plan indicators at the corporate, regional and country levels will have available baselines and targets, on the basis of the updated strategic plan results framework presented to the Executive Board of UN-Women in June 2016.

509. In paragraph 38, the Board reiterated its recommendation that UN-Women: (a) enhance its accountability and monitoring of advances to implementing partners at the project level by verifying the correct use of the funds and the achievement of results and expected outputs; and (b) identify problems and implement the necessary corrective actions with its partners with long-outstanding balances at the end of the period, including recovery of such balances as deemed appropriate.

[25] A/70/5/Add.12, chap. II.

Departments responsible:	Division of Management and Administration and Programme Division
Status:	In progress
Priority:	High
Target date:	First quarter of 2017

510. Refer to the comments of UN-Women management above relating to the recommendation contained in paragraph 13 of the Board's report for the year ended 31 December 2015.

511. **In paragraph 44, the Board recommended that UN-Women: (a) enhance its efforts in liquidating the long-outstanding advances with implementing partners; and (b) ensure that adequate monitoring of implementing partners is conducted by the field offices.**

Departments responsible:	Division of Management and Administration and Programme Division
Status:	In progress
Priority:	High
Target date:	Second quarter of 2017

512. This recommendation relates to the provision for impairment of advances to implementing partners, which increased from $3.9 million in 2013 to $6 million in 2014. The policy for the calculation of the impairment of advances was revised in 2015 and this revision, together with the significant reduction in the long-outstanding advances to implementing partners, resulted in the reduction of the impairment amount to $0.8 million in 2015. UN-Women is continuing to enhance its efforts in liquidating long-outstanding advances to implementing partners.

513. **In paragraph 50, the Board recommended that UN-Women expedite the process of revising its programme and operations manual so that the existing policies and guidance on the capacity assessment processes of government partners and the capacity assessment of the financial and administration capacity aspects of an implementing partner are enhanced.**

Department responsible:	Programme Division
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter 2016

514. While a draft revised version of the programme and operations manual has been prepared, it was deemed necessary to have it undergo another round of review by UN-Women offices for feedback. On the basis of the comments and suggestions received, certain details need to be elaborated further for greater clarity. A final draft

of the manual will be submitted to the senior management of UN-Women for approval by the end of 2016.

515. **In paragraph 59, UN-Women agreed with the recommendation of the Board that it improve its monitoring and control of special service agreements by developing and maintaining an integrated computerized system at the corporate level, in order to obtain centrally the real-time information for all workforces.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

516. UN-Women is committed to developing an integrated system to monitor special service agreements, as they are not currently tracked in the Atlas enterprise resource planning system. As an initial solution to enhance monitoring of such agreements, UN-Women implemented an online dashboard that is available on its intranet site. UN-Women is also progressing with the prototype design of an integrated computerized system for tracking special service agreements.

517. **In paragraph 66, the Board recommended that UN-Women: (a) work closely with project auditor(s) to ensure that all project audit reports are submitted before 30 April of each calendar year; (b) consider developing a computerized system that will improve on the efficiency and effectiveness of reporting and monitoring the status of implementation of the project audit recommendations; and (c) work closely with the implementing partners to address the weaknesses identified in the project audit reports, with emphasis on those partners with repeating errors or findings.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2017

518. For the 2015 audit cycle, 64 project audit reports, or 71 per cent of the total expected reports, were submitted to UN-Women before the 30 April deadline. This rate is a marked improvement from the rate of 38 per cent of project audit reports submitted on time during the 2014 audit cycle. UN-Women will continue to work closely with the project auditors to try and ensure that they submit all audit reports on time. As UN-Women has limited capacity and lacks a computerized tracking system, the yearly final listing of projects for audit is prepared manually and is usually not ready to be shared with the auditors sooner for their timely audit preparations. Furthermore, the development of a system to support more efficient monitoring of the status of implementation of the project audit recommendations had to be put on hold owing to resource constraints. Nonetheless, the results of the audits of implementing partners are continuously used as inputs in the design of their training materials.

519. **In paragraph 72, UN-Women agreed with the recommendation of the Board that it review and test its disaster recovery plan and thereafter implement a comprehensive disaster recovery plan that will accommodate the entire information system.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	First quarter of 2017

520. UN-Women has made significant progress in implementing this recommendation through the review and update of location and system-specific disaster recovery plans. Work on the comprehensive disaster recovery plan has been postponed until completion of a number of infrastructure changes that would have made any previously developed plan obsolete.

521. **In paragraph 79, UN-Women agreed with the recommendation of the Board that it: (a) review and update its change management standard and establish system development life cycle standards as an integrated standard document that reflects all required processes; (b) review its information system acquisition, development and implementation processes, and strengthen related standards and guidelines for each stage of the process; and (c) improve information and communications technology project management and change management by strengthening the formulation of project proposals or change requests.**

Department responsible:	Division of Management and Administration
Status:	In progress
Priority:	Medium
Target date:	Fourth quarter of 2016

522. UN-Women has finalized updating the change management standard and is building an automated system to support it. The standard will soon be submitted to the senior management of UN-Women for approval.